

BEFORE THE
GOVERNANCE SUBCOMMITTEE OF THE
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
TO THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE
ORGANIZED PURSUANT TO THE
CALIFORNIA STEM CELL RESEARCH AND CURES ACT

REGULAR MEETING

LOCATIONS: CEDARS-SINAI HOSPITAL
EDUCATIONAL CONFERENCE CENTER
ROOM C PLAZA LEVEL (NORTH TOWER)
8700 BEVERLY BOULEVARD
LOS ANGELES, CALIFORNIA

UC IRVINE
NSI-3134
ADMINISTRATIVE CONFERENCE ROOM
NATURAL SCIENCES I
IRVINE, CALIFORNIA

SALK INSTITUTE
THE TRUSTEES ROOM
1001 N. TORREY PINES ROAD
LA JOLLA, CALIFORNIA

DATE: FRIDAY, JULY 29, 2005
10:30 A.M.

REPORTER: BETH C. DRAIN, CSR
CSR. NO. 7152

BRS FILE NO.: 73152

I N D E X

ITEM	DESCRIPTION	PAGE NO.
1.	CALL TO ORDER	3
2.	ROLL CALL	4
3.	PRESIDENT'S UPDATE AND INTRODUCTION	10
4.	CONSIDERATION OF CIRM COMMUNICATIONS TEAM PLAN AND BUDGET	53
5.	CONSIDERATION OF CIRM CONTRACTS AND CONTRACTS POLICIES AND PROCESSES	13
6.	CONSIDERATION OF THIRD-PARTY PERSONNEL SALARY SURVEY	74
7.	CONSIDERATION OF CIRM BUDGET AND BUDGET PROCESSES	77
	CLOSED SESSION (NOT REPORTED)	
8.	PUBLIC REPORT OF CLOSED SESSION	86

1 IRVINE, CALIFORNIA; FRIDAY, JULY 29, 2005

2

3 CHAIRPERSON LANSING: I'M GOING TO ATTEMPT TO
4 START THIS, AND I'M GOING TO SHOUT AS MUCH AS I CAN TO
5 HELP THE PEOPLE AT SALK. IT'S NOW 10:35, SO WE'RE
6 RUNNING FIVE MINUTES LATE ALREADY. SO I'M JUST GOING
7 TO START.

8 MY NAME IS SHERRY LANSING. I WANT TO WELCOME
9 EVERYONE TO OUR VERY FIRST MEETING OF THE GOVERNANCE
10 SUBCOMMITTEE OF THE ICOC.

11 WHAT WE'RE GOING TO DO FIRST OBVIOUSLY IS
12 TAKE ROLL. THEN, IN ORDER TO REFRESH EVERYONE'S
13 MEMORY, I'M GOING TO REREAD THE GOVERNANCE
14 SUBCOMMITTEE'S MISSION STATEMENT AND WHAT THE COMMITTEE
15 HOPES TO ACCOMPLISH. THIS WAS APPROVED BY OUR BOARD AT
16 OUR LAST MEETING ON JULY 12TH.

17 SO WE NOW HAVE PARTICIPANTS IN THREE
18 LOCATIONS ON THIS CALL. WE'RE HERE IN L.A. DO WE HAVE
19 IRVINE ON THE PHONE?

20 MS. ENGELS: WE HAVE IRVINE, AND DR. STEWARD
21 IS ON HIS WAY.

22 CHAIRPERSON LANSING: SAN DIEGO, CAN YOU HEAR
23 US?

24 KEN: THIS IS KEN FROM THE SALK INSTITUTE
25 ALSO CALLING FROM THE OTHER END. CAN YOU HEAR ME,

1 VERNELL?

2 CHAIRPERSON LANSING: WE HEAR YOU PERFECTLY.

3 CAN YOU HEAR US?

4 KEN: OH, YES. VERY WELL.

5 CHAIRPERSON LANSING: GREAT. BECAUSE I'M

6 SHOUTING. MY MOTHER ALWAYS TOLD ME I DIDN'T HAVE TO

7 SHOUT ON LONG DISTANCE, SO SHE WAS WRONG. SO I WANT TO

8 THANK YOU ALL FOR PARTICIPATING IN THIS CALL. I'D LIKE

9 AMY TO LEAD US IN OUR ROLL CALL.

10 MS. DUROSS: SHERRY LANSING.

11 CHAIRPERSON LANSING: HERE.

12 MS. DUROSS: DAVID MEYER FOR KEITH BLACK.

13 DR. MEYER: HERE.

14 MS. DUROSS: BOB KLEIN.

15 MR. KLEIN: HERE.

16 MS. DUROSS: OS STEWARD.

17 DR. STEWARD: HERE.

18 MS. DUROSS: TINA NOVA. JEANNIE FONTANA FOR

19 JOHN REED. RICH MURPHY.

20 SO, SALK, CAN YOU HEAR ME?

21 CHAIRPERSON LANSING: RICH MURPHY, IS HE

22 HERE? NO.

23 MS. DUROSS: IS JEANNIE FONTANA.

24 CHAIRPERSON LANSING: IS TINA NOVA THERE?

25 DR. NOVA: YES.

1 MS. DUROSS: CAN YOU SAY YES FOR ME?

2 DR. NOVA: YES. THIS IS TINA. I CAME IN ON

3 MY CELLPHONE BECAUSE SALK'S NOT WORKING.

4 CHAIRPERSON LANSING: IS RICHARD COMING TO

5 THE MEETING?

6 (INTERRUPTION BECAUSE OF TECHNICAL

7 DIFFICULTIES.)

8 CHAIRPERSON LANSING: SALK, IF YOU CAN HEAR

9 ME, PLEASE DIAL IN ON A LAND LINE SO YOU CAN HEAR US

10 UNTIL MEMBERS OF THE PUBLIC GET HERE.

11 (INTERRUPTION BECAUSE OF TECHNICAL

12 DIFFICULTIES.)

13 CHAIRPERSON LANSING: OKAY. THIS IS SHERRY

14 LANSING. WE'RE GOING TO TRY AND SEE NOW IF WE'VE GOT

15 EVERYBODY. AMY, WHY DON'T WE DO ANOTHER ROLL CALL.

16 CAN YOU HEAR ME? I'M IN L.A. IS IRVINE HERE FOR A

17 ROLL CALL?

18 MS. ENGELS: IRVINE HERE.

19 DR. STEWARD: BUT, SHERRY, THIS IS OS. WE

20 CAN'T HEAR YOU AT ALL. THIS IS JUST IMPOSSIBLE.

21 (INTERRUPTION.)

22 CHAIRPERSON LANSING: JUST WAIT A SECOND,

23 PLEASE. THIS IS SHERRY LANSING IN L.A. I'M NOW GOING

24 TO TRY AND DO A ROLL CALL JUST TO SEE IF WE HAVE A

25 QUORUM, WHICH I HOPE WE DO, AND JUST TO SEE IF YOU CAN

1 HEAR ME.

2 MS. ROSAIA: YOU'RE COMING THROUGH VERY CLEAR

3 NOW, SHERRY. THERE'S NO FEED.

4 CHAIRPERSON LANSING: FABULOUS. OKAY. LET'S

5 TRY.

6 MS. DUROSS: SHERRY LANSING.

7 CHAIRPERSON LANSING: HERE.

8 MS. DUROSS: DAVID MEYER.

9 DR. MEYER: HERE.

10 MS. DUROSS: BOB KLEIN.

11 MR. KLEIN: HERE.

12 MS. DUROSS: OS STEWARD.

13 DR. STEWARD: HERE.

14 MS. DUROSS: TINA NOVA.

15 MS. NOVA: HERE.

16 MS. DUROSS: JEANNIE FONTANA. RICH MURPHY.

17 DR. NOVA: I'M ON. JUST SO YOU GUYS KNOW,

18 I'M IN THE ROOM I'M SUPPOSED TO BE IN FOR THE PUBLIC.

19 THIS IS TINA NOVA AND JUST ON A LAND LINE OVER ON THE

20 SIDE JUST SO I CAN CALL IN. NOTHING IS WORKING HERE.

21 CHAIRPERSON LANSING: THAT'S GREAT, TINA.

22 THAT'S JUST GREAT.

23 SO WE DO NOT HAVE A QUORUM, SO WE ARE WAITING

24 FOR JEANNIE AND RICH. WHEN JEANNIE AND RICH COME,

25 PLEASE LET US KNOW.

1 I THINK WE SHOULD START TO BEGIN THE MEETING.
2 AND IF WE DON'T HAVE A QUORUM, WE WON'T BE ABLE TO
3 VOTE, BUT AT LEAST WE'LL HAVE THIS BE AN INFORMATIONAL
4 MEETING, WHICH I THINK IS EXTREMELY IMPORTANT.

5 IN THAT SPIRIT, I WOULD LIKE TO READ OUR
6 MISSION STATEMENT SO THAT EVERYBODY KNOWS THE PURPOSE
7 OF THIS GOVERNANCE COMMITTEE. YOU CAN ALL HEAR ME,
8 RIGHT?

9 THE ICOC GOVERNANCE SUBCOMMITTEE REVIEWS
10 LANGUAGE AND MAKES COMMENTS UPON POLICIES RELATED TO
11 MANAGEMENT OF THE ICOC AND THE CALIFORNIA INSTITUTE FOR
12 REGENERATIVE MEDICINE. THE SUBCOMMITTEE'S CORPORATE
13 GOVERNANCE RESPONSIBILITIES INVOLVE MAKING
14 RECOMMENDATIONS ON THE CIRM'S MISSION STATEMENT AND
15 CORE PRINCIPLES, ORGANIZATIONAL CHARTS, AND
16 ORGANIZATIONAL STRATEGIC PLANS, ORGANIZATIONAL BUDGETS,
17 COMPENSATION POLICY, AND CONTRACTING POLICIES, WORKING
18 WITH THE CIRM PRESIDENT TO ESTABLISH GOALS FOR CIRM
19 MANAGEMENT AND MONITORING THE ACHIEVEMENT OF THESE
20 GOALS IN ORDER TO OPTIMIZE PERFORMANCE.

21 THE GOVERNANCE SUBCOMMITTEE'S RECOMMENDATIONS
22 SHALL BE CONSIDERED BY THE BOARD AT REGULAR ICOC
23 MEETINGS. THE GOVERNANCE SUBCOMMITTEE SHALL MAKE
24 REGULAR REPORTS BACK TO THE ICOC AS APPROPRIATE.

25 WE HOPE TO DELIVER THE FOLLOWING ITEMS. WE

1 ARE RESPONSIBLE FOR THE CIRM'S MISSION STATEMENT AND
2 CORE PRINCIPLES, FOR THE CIRM'S ORGANIZATIONAL CHART
3 AND ORGANIZATIONAL STRATEGIC PLAN, FOR THE COMPENSATION
4 POLICY AND MONITORING PROCESS, CONTRACTING POLICIES,
5 BUDGET, GOVERNANCE POLICIES, RELATED REPORTS FOR THE
6 ICOC, AND THE BYLAWS AND PROCEDURES FOR THE ICOC.

7 NOW, I JUST WANT TO STRESS THAT THIS IS OUR
8 FIRST MEETING, AND THAT THIS IS A PROCESS THAT WE'RE
9 GOING THROUGH. SO I WANT TO STRESS THAT WE'RE GOING TO
10 BE HERE FOR AT LEAST TWO HOURS, AND THAT THIS
11 GOVERNANCE COMMITTEE IS GOING TO OBVIOUSLY CONTINUE TO
12 MEET, AND THAT WE ARE GOING TO ACHIEVE ALL OF OUR
13 GOALS, BUT THIS IS A PROCESS THAT WE'RE GOING THROUGH,
14 AN ONGOING PROCESS, AND WE DON'T EXPECT TO SOLVE
15 EVERYTHING TODAY OR EVEN NECESSARILY AT THE NEXT
16 MEETING.

17 IN THIS SPIRIT, I'D LIKE TO SEE IF THERE'S
18 ANY PUBLIC COMMENT FROM MEMBERS OF THE PUBLIC IN L.A.,
19 PLEASE. NO COMMENT IN L.A. IN IRVINE?

20 DR. STEWARD: NO COMMENT.

21 CHAIRPERSON LANSING: IN SAN DIEGO?

22 DR. NOVA: NO PUBLIC HERE. SAN DIEGO IS
23 GOING TO SIGN OFF FOR A FEW MINUTES AND GET TO ANOTHER
24 PHONE, AND WE'LL BACK ON. AND DR. MURPHY IS WITH ME,
25 SO WE'LL HAVE THE QUORUM.

1 CHAIRPERSON LANSING: THANK YOU VERY MUCH.

2 DR. NOVA: WE'LL BE RIGHT BACK.

3 CHAIRPERSON LANSING: OKAY. THEN I WANT TO

4 ALSO ASK, EVEN THOUGH THEY'RE GETTING TO ANOTHER PHONE,

5 ARE THERE ANY QUESTIONS OR COMMENTS FROM WHAT WE

6 DISCUSSED SO FAR, OUR MISSION STATEMENT, FROM THE

7 SUBCOMMITTEE MEMBERS? ANY QUESTIONS FROM L.A.? ANY

8 QUESTIONS FROM IRVINE?

9 DR. STEWARD: NO QUESTIONS.

10 DR. HALL: I HAVE ONE SMALL POINT. THE

11 DIFFERENCE BETWEEN WHAT YOU READ AND THE WRITTEN COPY

12 THAT I HAVE, AND I DON'T KNOW HOW -- IF THIS IS TRUE

13 FOR OTHERS OR NOT -- MINE SAYS ORGANIZATIONAL CHART AND

14 STRATEGIC PLAN. I JUST WANT IT UNDERSTOOD THAT IT'S

15 THE ORGANIZATIONAL STRATEGIC PLAN THAT WE WERE

16 INTERESTED IN.

17 CHAIRPERSON LANSING: THANK YOU FOR THE --

18 DR. HALL: YOU SAID IT RIGHT, BUT THE WRITTEN

19 MATERIAL THAT I HAVE IS DIFFERENT, AND I DIDN'T KNOW IF

20 THAT WAS TRUE FOR EVERYBODY. I WANTED TO BE CLEAR.

21 CHAIRPERSON LANSING: THANK YOU FOR THE

22 CORRECTION. SAN DIEGO, ARE YOU BACK ON? WHEN THEY

23 COME BACK ON, I WILL ASK THEM IF THEY HAVE ANY COMMENT,

24 BUT I ASSUME THEY PROBABLY DIDN'T BECAUSE THEY WOULD

25 HAVE STATED.

1 THEN I'D LIKE TO MOVE TO AGENDA ITEM 3.

2 ZACH, WOULD YOU PLEASE LEAD US OFF WITH THIS.

3 DR. HALL: OKAY. I'M INTERIM PRESIDENT OF
4 CIRM. I AM PLEASED TO REPORT TO THE GOVERNANCE
5 SUBCOMMITTEE ON BEHALF OF THE CIRM LEADERSHIP. WE
6 WELCOME YOUR INTEREST IN US AND LOOK FORWARD TO WORKING
7 WITH YOU TO MAKE CIRM BOTH EFFECTIVE AND EFFICIENT IN
8 CARRYING OUT ITS SCIENTIFIC MISSION.

9 I VIEW THESE MEETINGS AS AN OPPORTUNITY FOR
10 THE PRESIDENT OF CIRM, ALONG WITH SENIOR ADMINISTRATIVE
11 LEADERS UNDER MY DIRECTION, TO REPORT TO YOU ON A
12 REGULAR BASIS ON THE OPERATIONS OF THE ORGANIZATION.

13 I'D LIKE TO DISCUSS SEVERAL ITEMS WITH YOU
14 TODAY. BOTH MYSELF AND WALTER BARNES WILL BE
15 REPORTING. I WILL BEGIN WITH A BRIEF UPDATE ON THE
16 STATUS OF OUR ORGANIZATIONAL STRUCTURE, PERSONNEL, AND
17 PLANS FOR THE NEW SPACE. WALTER BARNES, OUR ACTING
18 CHIEF FINANCE AND ADMINISTRATIVE OFFICER, WILL THEN
19 DISCUSS THE CONTRACTS POLICIES. I WILL THEN SPEND A
20 FEW MINUTES TALKING ABOUT OUR COMMUNICATIONS
21 OPERATIONS, AND WALTER WILL DISCUSS THE CONTRACT THAT
22 WE HAVE NEGOTIATED WITH EDELMAN. FINALLY, WALTER WILL
23 DISCUSS THE COMPENSATION STRUCTURE AND THE BUDGET.
24 THIS IS A VERY FULL SCHEDULE. WE'RE GOING TO TRY TO
25 GET IT ALL IN. WE'LL SEE HOW WE DO.

1 LET ME START WITH THE ORGANIZATIONAL
2 STRUCTURE OF CIRM. AS EVERYBODY KNOWS, PROPOSITION 71
3 SPECIFIES IMPORTANT AND DISTINCTIVE ROLES FOR BOTH THE
4 CHAIR OF THE ICOC AND THE PRESIDENT OF CIRM. THE
5 CHAIR, ASSISTED BY THE VICE CHAIR, DIRECTS AND MANAGES
6 THE WORK OF THE ICOC, MANAGES BOND FINANCING,
7 INTERFACES WITH THE CALIFORNIA LEGISLATURE AND OTHER
8 PUBLIC BODIES, AND LEADS NEGOTIATIONS ON INTELLECTUAL
9 PROPERTY.

10 THE PRESIDENT DIRECTS THE WORK OF THE
11 INSTITUTE, INCLUDING THE WORKING GROUPS, HIRES,
12 DIRECTS, AND MANAGES THE STAFF, IS RESPONSIBLE FOR THE
13 BUDGET, AND MANAGES COMPLIANCE WITH ICOC POLICIES,
14 INCLUDING INTELLECTUAL POLICY AGREEMENTS.

15 WE ARE FORTUNATE IN THAT THE CHAIR AND THE
16 PRESIDENT, NOT ONLY HAVE COMPLEMENTARY
17 RESPONSIBILITIES, BUT COMPLEMENTARY TALENTS, AND WE ARE
18 FURTHER FORTUNATE IN THAT BOB KLEIN AND I WORK WELL
19 TOGETHER.

20 NOW, IN SPITE OF OUR SMOOTH PERSONAL
21 RELATION, HAVING TWO LEADERS POSES QUESTIONS OF
22 ORGANIZATIONAL STRUCTURE AND OF RESPONSIBILITIES AND
23 AUTHORITY THAT NEED TO BE RESOLVED IN ORDER FOR US TO
24 MOVE FORWARD IN AN ORDERLY AND EFFECTIVE WAY. WE HAVE
25 BEEN EXTRAORDINARILY BUSY SO FAR IN JUST GETTING OUR

1 WORK DONE DAY TO DAY; AND UNDER THAT STRESS, WE HAVE
2 UNTIL NOW POSTPONED CONSIDERATIONS OF THE ISSUES. I
3 WANT TO REPORT, THOUGH, TO THE GOVERNANCE SUBCOMMITTEE
4 THAT WE ARE ACTIVELY ENGAGED IN WORKING ON THIS ISSUE.
5 AND TO AID US, I HAVE ENGAGED AN EXPERIENCED MANAGEMENT
6 CONSULTANT, DR. HAROLD GOLDSTEIN, TO HELP US WITH THIS
7 PROCESS. WE EXPECT TO RESOLVE THE OUTSTANDING ISSUES
8 SHORTLY AND TO REPORT BACK TO THE SUBCOMMITTEE BEFORE
9 THE OCTOBER ICOC MEETING. TO KEEP YOU FULLY INFORMED,
10 WE HAVE BUDGETED \$25,000 FOR EXPENSES ASSOCIATED WITH
11 THIS PROCESS.

12 NOW, AS WE WORK OUT THESE PROBLEMS, WE HAVE
13 ALREADY BEGUN TO RECRUIT FOR SEVERAL IMPORTANT
14 LEADERSHIP POSITIONS ON THE ADMINISTRATIVE SIDE. OUR
15 NEED FOR THESE IS URGENT; BUT, AS YOU KNOW, WE HAVE
16 BEEN CONSTRAINED UNTIL RECENTLY BY UNCERTAINTY ABOUT
17 WHERE WE WOULD BE LOCATED AND ABOUT OUR ADMINISTRATIVE
18 FUNDING.

19 THE SITE IS NOW SETTLED, AND WE HAVE A
20 TEMPORARY REPRIEVE FINANCIALLY THROUGH THE GENEROUS
21 DOLBY GIFT. THUS, WE ARE MOVING AHEAD RAPIDLY AND HAVE
22 POSTED SEVERAL POSITIONS. MOST IMPORTANT OF THESE ARE
23 CHIEF FINANCE ADMINISTRATION OFFICER, CHIEF LEGAL
24 OFFICER, I.T. OFFICER, AND CHIEF COMMUNICATIONS
25 OFFICER. WE EXPECT TO START INTERVIEWING WITHIN THE

1 NEXT MONTH AT A TIME WHEN OUR ORGANIZATIONAL STRUCTURE
2 WILL BE MORE CLEAR.

3 FINALLY, LET ME REPORT TO YOU ON OUR SPACE.
4 WE HAVE ESSENTIALLY COMPLETED THE DESIGN DEVELOPMENT
5 PHASE OF PLANNING FOR OUR NEW SPACE AND HAVE REACHED
6 ESSENTIAL AGREEMENT ON THE COSTS. WE EXPECT TO SIGN
7 OFF ON THOSE WITHIN THE COMING WEEK.

8 WORK ON THE SPACE IS EXPECTED TO START SOON,
9 AND WE'RE HOPING FOR COMPLETION OF THE RENOVATION BY
10 THE 1ST OF NOVEMBER. YOU WILL RECEIVE A MORE COMPLETE
11 ACCOUNT AT THE ICOC MEETING NEXT WEEK OF OUR PROGRESS
12 WITH RESPECT TO THE SPACE.

13 NOW LET ME TURN THE HOT SEAT OR THE PODIUM
14 OVER TO WALTER TO DESCRIBE OUR CONTRACTS PROCESSES.

15 CHAIRPERSON LANSING: JUST FOR POINT OF
16 INFORMATION, HAS DR. MURPHY JOINED US? NOT YET. THANK
17 YOU.

18 MR. BARNES: OKAY. THIS IS LABELED AGENDA
19 ITEM 5 IN YOUR MATERIALS, "CONTRACTS AND INTERAGENCY
20 AGREEMENTS." THE FIRST PAGE, FIRST TWO PAGES OF THIS
21 GIVES YOU SOME OF THE BACKGROUND WITH REGARD TO OUR
22 AUTHORITIES FOR ENTERING INTO CONTRACTS AND INTERAGENCY
23 AGREEMENTS. PROPOSITION 71 PROVIDES THAT THE INSTITUTE
24 WILL BE GOVERNED BY THE COMPETITIVE BIDDING AND
25 CONTRACT PROCESS FOLLOWED BY THE UNIVERSITY OF

1 CALIFORNIA. AND NOW THAT THE GOVERNANCE COMMITTEE HAS
2 BEEN ESTABLISHED, ONE OF THE CHARGES, OF COURSE, IS FOR
3 THAT COMMITTEE TO ESTABLISH AND OVERSEE CONTRACTING
4 POLICIES FOR THE INSTITUTE USING THESE AS GUIDELINES.

5 ALSO, AT THE LAST ICOC MEETING, IT WAS
6 DECIDED TO REINSTATE A POLICY OF REQUIRING THAT ALL
7 CONTRACTS IN EXCESS OF \$100,000 BE APPROVED BY THE FULL
8 ICOC. JUST A POINT OF INFORMATION, WE'VE TALKED ABOUT
9 CONTRACTS, BUT THERE'S ACTUALLY TWO VERSIONS. THERE'S
10 WHAT'S CALLED INTERAGENCY AGREEMENTS, AND THESE ARE
11 CONTRACTS BETWEEN TWO STATE AGENCIES. AND THEN
12 CONTRACTS, THE TERM "CONTRACT," IS USUALLY LIMITED TO A
13 DESCRIPTION OF AN AGREEMENT BETWEEN A STATE AGENCY AND
14 A PRIVATE THIRD PARTY.

15 THE DIFFERENCE, PARTICULARLY WITH REGARD TO
16 STATE AGENCIES, ARE THESE ARE NOT REQUIRED TO BE BID.
17 THEY ARE BASICALLY USUALLY THE ABILITY TO ACQUIRE
18 SERVICES THAT ARE ALREADY AVAILABLE WITHIN STATE
19 SERVICE.

20 WE'VE GIVEN YOU THREE ATTACHMENTS. THE FIRST
21 ONE IS ATTACHMENT A.

22 MR. KLEIN: BEFORE WE GO FURTHER, SHERRY,
23 COULD I ASK A QUESTION? WOULD IT WOULD BE APPROPRIATE?

24 CHAIRPERSON LANSING: NO.

25 MR. KLEIN: IT WOULD BE APPROPRIATE?

1 CHAIRPERSON LANSING: IT WOULD BE ABSOLUTELY
2 APPROPRIATE.

3 MR. KLEIN: WALTER, IT MIGHT BE HELPFUL TO
4 EXPLAIN INTERAGENCY AGREEMENTS. AN EXAMPLE WOULD BE
5 THE STATE ATTORNEY GENERAL'S OFFICE. AND WHEN YOU SAY
6 THEY'RE NOT SUBJECT TO BID, IT'S BECAUSE WE HAVE TO USE
7 THE ATTORNEY GENERAL. AS A STATE AGENCY, THERE IS NOT
8 A CHOICE. SO WE CONTRACTUALLY DON'T HAVE AN
9 OPPORTUNITY TO BID BECAUSE UNDER STATE LAW WE'RE
10 REQUIRED TO USE THE STATE ATTORNEY GENERAL.

11 IS THAT A REASONABLE EXAMPLE OF AN
12 INTERAGENCY CONTRACT AND EXPLAINS WHY THERE'S NOT
13 BIDDING?

14 MR. BARNES: THAT'S CERTAINLY ONE. THERE ARE
15 THOSE INTERAGENCY AGREEMENTS THAT ARE BASED UPON STATE
16 LAW WHERE WE HAVE TO USE THE SERVICES. AND THEN THERE
17 ARE INTERAGENCY AGREEMENTS WHICH ARE OPTIONAL FOR US.
18 FOR INSTANCE, THE INTERAGENCY AGREEMENT THAT WE HAVE
19 WITH THE STATE CONTROLLER'S OFFICE WAS TO ACQUIRE SOME
20 ASSISTANCE IN SUPPORTING OUR PROCUREMENT AND
21 CONTRACTING AND SOME OF OUR PERSONNEL PROCESSES. WE
22 COULD HAVE ACTUALLY GONE TO OTHER STATE AGENCIES. WE
23 HAD AN OPTION TO GO TO WHICHEVER STATE AGENCY WE WANTED
24 FOR THAT, BUT WE SELECTED THE CONTROLLER'S OFFICE.

25 BOB IS CORRECT, THAT THERE ARE SOME WHERE WE

1 HAVE NO CHOICE, AND THERE'S SOME WHERE WE HAVE A
2 CHOICE.

3 MR. KLEIN: YOU GAVE AN EXAMPLE WHERE WE
4 COULD HAVE GONE TO OTHER STATE AGENCIES; BUT, AGAIN,
5 THE STATE AGENCY IS NOT A DIFFERENCE BETWEEN -- IF
6 WE'RE DEALING WITH A STATE AGENCY, IT'S NOT AN ISSUE OF
7 COMPETITIVELY BIDDING BETWEEN STATE AGENCIES.

8 MR. BARNES: THAT'S CORRECT.

9 MR. KLEIN: ADDITIONALLY, I THINK IT WOULD BE
10 IMPORTANT TO NOTE THAT THE BOARD EARLY ON DISCUSSED THE
11 FACT THAT WE WANTED TO WORK WITH THE CONTROLLER'S
12 OFFICE BECAUSE WE WANTED TO CREATE AN AUDIT POLICY AND
13 CONTRACTS POLICIES THAT WOULD BE CONSISTENT WITH THE
14 CONTROLLER'S OFFICE'S POLICIES SO THAT WE WOULD KNOW
15 THAT WHEN WE WENT THROUGH THE AUDIT PROCESS, WE WOULD
16 HAVE PREPARED A FINANCIAL CONTROL SYSTEM THAT WOULD BE
17 CONSISTENT WITH WHAT THE AUDIT SYSTEM WOULD BE.

18 IS THAT A CORRECT STATEMENT?

19 MR. BARNES: THAT'S CORRECT.

20 MR. KLEIN: I THINK, SHERRY, YOU WOULD
21 REMEMBER THAT THE CONTROLLER MADE A PRESENTATION TO US
22 AT STANFORD AT THE MEETING WHERE WE DISCUSSED THIS. SO
23 AS BACKGROUND FOR EVERYONE, THIS IS WHAT SET THAT
24 FORMAT OF DEALING WITH THE CONTROLLER'S OFFICE. OKAY.

25 CHAIRPERSON LANSING: I THINK THAT'S A GOOD

1 POINT OF CLARIFICATION. SINCE BOB HAS ASKED SOME
2 QUESTIONS, I'D LIKE TO ASK IF THERE'S ANY OTHER
3 QUESTIONS FROM THE PUBLIC OR FROM THE COMMITTEE IN
4 L.A.? IN IRVINE, ARE THERE ANY QUESTIONS FROM THE
5 PUBLIC?

6 DR. STEWARD: NO PUBLIC HERE.

7 CHAIRPERSON LANSING: ANY QUESTIONS FROM THE
8 SUBCOMMITTEE BEFORE WE CONTINUE? AND IN SAN DIEGO?

9 DR. NOVA: NO PUBLIC PRESENT. WE'RE BACK ON,
10 AND DR. MURPHY IS WITH US.

11 CHAIRPERSON LANSING: TERRIFIC. SO ARE THERE
12 ANY QUESTIONS FROM YOU, TINA, OR DR. MURPHY?

13 DR. MURPHY: NO, THANK YOU.

14 CHAIRPERSON LANSING: OKAY. THEN I'LL TURN
15 IT BACK TO WALTER.

16 MR. BARNES: ALL RIGHT. AS I SAID, WE'VE
17 GIVEN YOU THREE ATTACHMENTS. THE FIRST ONE, ATTACHMENT
18 A, IS A PROPOSED STATEMENT OF POLICY AND PROCEDURES
19 WITH REGARD TO COMPETITIVE BIDDING AND CONTRACT
20 PROCESSES OR COMPETITIVE BIDDING FOR CONTRACTS AND
21 CONTRACT PROCESSES. AND THIS IS A SUMMARIZATION OF THE
22 REQUIREMENTS THAT ARE IN THE UC PROCUREMENT MANUALS,
23 WHICH, BY THE WAY, COVER ABOUT TWO VERY SIGNIFICANT
24 BINDERS.

25 ATTACHMENT A BASICALLY GIVES YOU A BACKGROUND

1 STATEMENT OF THE PROPOSITION 71. THE POLICY THAT WE
2 PROPOSE AND WHICH WE HAVE BEEN USING WITH REGARD TO OUR
3 PROCUREMENT PROCESS, THAT WE OBTAIN ALL PURCHASED GOODS
4 AND SERVICES AT THE LOWEST POSSIBLE PRICE CONSISTENT
5 WITH RECEIVING GOODS AND SERVICES AT A LEVEL THAT MEETS
6 THE NEED WITHIN A REASONABLE TIME FRAME.

7 WE'VE LAID OUT A DEFINITION OF VARIOUS TYPES
8 OF CONTRACTS. PROBABLY THE ONES THAT WE'RE MOST LIKELY
9 TO BE USING ARE COMMON GOODS AND SERVICES. THE
10 INDEPENDENT CONTRACTOR SERVICES, INDEPENDENT CONSULTANT
11 SERVICES, AND LEGAL SERVICES ARE THE PRIMARY ONES THAT
12 WE USE, BUT WE'VE GIVEN YOU EXAMPLES OF OTHER CONTRACTS
13 THAT WE'VE USED IN THE OTHER CATEGORIES.

14 WE HAVE A SECTION ON PAGE 2 THAT DISCUSSES
15 SELECTION OF A VENDOR. GENERALLY THE USE OF A BID
16 PROCESS UNDER THE UC SYSTEM INTENDS TO ENSURE THAT
17 GOODS AND SERVICES ACQUIRED ARE AT THE LOWEST POSSIBLE
18 COST. WITH REGARD TO SPECIFIC REQUIREMENTS FOR COMMON
19 GOODS AND SERVICES, THERE IS A REQUIREMENT THAT A
20 COMPETITIVE BID BE CONDUCTED IF THE ITEM TO BE
21 PURCHASED IS MORE THAN \$50,000.

22 WITH REGARD TO INDEPENDENT CONTRACTORS AND
23 CONSULTANTS, WHILE THE BID PROCESS IS ALWAYS
24 RECOMMENDED, THESE ARE NOT ACTUALLY REQUIRED TO BE
25 COMPETITIVELY BID. ALTHOUGH OUR FEELING IS THAT IF A

1 SERVICE IS NEEDED FOR AN EXTENDED PERIOD OF TIME,
2 BIDDING SHOULD BE CONSIDERED.

3 WE ALSO PROVIDE INFORMATION ABOUT THE STATE'S
4 WHAT THEY CALL MASTER SERVICES AGREEMENT PROGRAM WHERE
5 THE STATE HAS ALREADY PRESELECTED INDEPENDENT
6 CONTRACTORS OR CONSULTANTS. AND BASICALLY THIS, WHEN
7 WE DO DO A BIDDING PROCESS, WE CAN USE THIS PROCESS
8 WHICH EXPEDITES THE DECISION-MAKING.

9 WE ALSO HAVE LAID OUT THE PROCESS WITH REGARD
10 TO NEGOTIATED CONTRACTS WHERE A BID PROCESS IS NOT
11 REQUIRED OR NECESSARY AND THE DECISIONS THAT BIDS ARE
12 NOT NECESSARY AND WHAT ARE SOME OF THE EXAMPLES.

13 WE ALSO INCLUDE ON PAGE 3 THE REFERENCE TO
14 CONTRACT FORMATS AND THE NEED TO HAVE CONTRACTS DRAWN
15 UP IN A SPECIFIC FORM THAT IS BASED ON THE UC PROCESS.
16 AND THEN FOR INTERNAL USE, THE INFORMATION FOR STAFF IN
17 TERMS OF WHAT DO THEY NEED TO GET TOGETHER TO REQUEST A
18 CONTRACT, BASICALLY A DESCRIPTION OF GOODS AND
19 SERVICES -- I'M ON PAGE 4 NOW -- THE PERIOD OVER WHICH
20 THE SERVICES ARE TO BE PROVIDED, THE COST BY CATEGORY,
21 ESTIMATED TOTAL COST, WHETHER A BID WILL BE USED, THE
22 CONTRACT PERSONS, AND WHO IS GOING TO BE THE CONTRACT
23 MANAGER.

24 AND THAT'S THE LAST ITEM, BUT IT'S A CRITICAL
25 ITEM BECAUSE ESSENTIALLY EACH OF OUR CONTRACTS, AS WELL

1 AS OUR INTERAGENCY AGREEMENTS, HAVE A CONTRACT MANAGER
2 WHO IS RESPONSIBLE FOR OVERSEEING THE CONTRACT AND
3 ASSURING THAT THE WORK IS PROVIDED AND FOR APPROVING
4 PAYMENTS UNDER THE CONTRACT.

5 WE LIST OUT A COUPLE OF DON'TS TO TRY TO
6 ASSURE THAT CONTRACT MANAGERS OR REQUESTERS DON'T GET
7 THEMSELVES INTO PROBLEMS. AND THEN BASICALLY AT THE
8 END OF IT, WE MAKE MENTION OF THE FACT THAT IT'S NOT
9 NECESSARY THAT EVERYBODY BECOME AN EXPERT IN THE
10 CONTRACTING PROCESSES. THAT'S SOMETHING THAT THE CHIEF
11 ADMINISTRATIVE OFFICER OFFICE WILL TAKE CARE OF, BUT
12 IT'S JUST IMPORTANT THAT THEY UNDERSTAND THE GUIDELINES
13 AND INFORMATION THAT WE'VE PROVIDED IN THIS SUMMARY.

14 I SHOULD SAY THAT THIS STATEMENT WAS
15 DEVELOPED WITH EXTENSIVE INPUT FROM JAMES HARRISON FROM
16 REMCHO, JOHANSEN & PURCELL CONSISTENT WITH THE UC
17 INFORMATION. AND OUR PROPOSAL WOULD BE THAT THE
18 COMMITTEE EITHER ADOPT OR RECOMMEND TO THE FULL ICOC
19 THAT THIS POLICY STATEMENT, POLICY AND PROCEDURES
20 STATEMENT, BE ADOPTED AS A GOING-FORWARD EFFORT.

21 CHAIRPERSON LANSING: OKAY. IT'S A GREAT
22 PRESENTATION, WALTER, BUT I THINK NOW WE SHOULD OPEN IT
23 UP FOR DISCUSSION. DO WE HAVE ANY COMMENTS FROM L.A.
24 FROM THE SUBCOMMITTEE?

25 DR. HALL: YES. WE HAVE A RESOLUTION FROM

1 THE BOARD IN OUR LAST ICOC MEETING THAT ANY CONTRACT
2 FOR -- PERSONAL SERVICES CONTRACT THAT WE ENTER INTO
3 OVER \$100,000 NEEDS TO BE APPROVED BY THE ICOC. I
4 WONDERED IF WE COULD AMEND THAT AS APPROVAL BY THE
5 GOVERNANCE SUBCOMMITTEE AND HAVE A HIGHER FIGURE BE
6 APPROVED BY THE GROUP.

7 MR. BARNES: ACTUALLY THAT WILL BE IN THE
8 NEXT ITEM.

9 CHAIRPERSON LANSING: THAT WILL BE IN THE
10 NEXT ITEM. I THOUGHT IT WAS HERE TOO, SO WE'RE BOTH
11 CONFUSED. IT'S IN ITEM B.

12 DR. HALL: WELL, YOU GOT YOUR WAY.

13 CHAIRPERSON LANSING: WELL, HE HASN'T GOTTEN
14 HIS WAY YET BECAUSE WE HAVEN'T VOTED. WE HAVEN'T
15 VOTED.

16 DR. HALL: I THOUGHT IT WAS UP TO ME TO
17 PROPOSE IT.

18 CHAIRPERSON LANSING: I DID TOO, SO WE BOTH
19 ARE CONFUSED. ALL RIGHT. THAT'S FINE. ANY OTHER
20 COMMENTS FROM L.A. FROM THE PUBLIC? ANY COMMENTS FROM
21 IRVINE?

22 DR. STEWARD: NO COMMENTS.

23 CHAIRPERSON LANSING: ANY PUBLIC COMMENTS?
24 SAN DIEGO?

25 DR. MURPHY: NO.

1 CHAIRPERSON LANSING: THERE IS NO PUBLIC.
2 OKAY. THEN LET'S CONTINUE.

3 MR. BARNES: THE PART A, THE POLICY IS
4 BASICALLY HOW INTERNALLY WE WORK TO EXECUTE CONTRACTS,
5 SELECT AND EXECUTE CONTRACTS. ATTACHMENT B BASICALLY
6 DEALS WITH THE ROLE THAT THE ICOC AND THE GOVERNANCE
7 COMMITTEE IS TO PLAY WITH REGARD TO THEIR APPROVAL
8 PROCESSES.

9 AND AS I MENTIONED BEFORE AT THE JULY 12TH
10 MEETING, THE ICOC ADOPTED A POLICY TO REQUIRE THAT ALL
11 CONTRACTS OF MORE THAN A HUNDRED THOUSAND BE APPROVED
12 IN ADVANCE BY THE ICOC, WHICH WAS CONSISTENT WITH THE
13 LIMIT THAT WAS GIVEN IN THE DELEGATION THAT CHAIRMAN
14 ROBERT KLEIN HAD WHEN HE WAS AUTHORIZED TO ACT AS THE
15 PRESIDENT OF THE INSTITUTE BACK IN THE JANUARY ICOC
16 MEETING.

17 I SHOULD MENTION THAT WHILE THE AUTHORIZATION
18 TALKED ABOUT \$100,000 OF CONTRACTS, IT DIDN'T REALLY
19 ADDRESS THE ISSUE OF AMENDMENTS TO CONTRACTS BECAUSE
20 SOMETIMES THEY'RE AMENDED OR EXTENDED OR WHATEVER. WE
21 HAVE LOOKED AT OTHER AGENCY BOARDS OR COMMISSIONS, AND
22 GENERALLY THE OVERSIGHT OF THESE POLICIES WITH REGARD
23 TO LIMITS AND APPROVALS OF CONTRACTS IS DESIGNATED TO A
24 GOVERNANCE COMMITTEE LIKE THIS, PARTICULARLY WHEN THE
25 MEMBERSHIP OF A BOARD OR COMMISSION IS LARGE AND/OR

1 WHEN THE PRIMARY MISSION IS COMPLICATED. FOR INSTANCE,
2 CAL PERS AND CAL STRS, THEIR BASIC GOAL IS TO
3 ADMINISTER \$184 BILLION WORTH OF INVESTMENTS AND RUN A
4 RETIREMENT PROGRAM. SO THEY DELEGATE AWAY A LOT OF
5 DECISION-MAKING ON OPERATIONAL CONTRACTS TO EITHER THE
6 GOVERNANCE COMMITTEE OR TO THE STAFF.

7 AND I GOT LATE LAST NIGHT THE MOST CURRENT
8 VERSION OF THE CONTRACTING DELEGATION AUTHORITY THAT IS
9 CURRENTLY IN OPERATION BY CAL PERS. AND HOPEFULLY
10 EVERYBODY GOT A COPY OF THAT. IF YOU NOTICE IN HERE,
11 THE INTERESTING THING IS THAT NONE OF THE OPERATING
12 CONTRACTS GO TO THE FULL BOARD FOR APPROVAL. SO
13 CONTRACTS INVOLVING INVESTMENTS AND THINGS LIKE THAT GO
14 TO THE BOARD, BUT ESSENTIALLY ANY OPERATIONAL CONTRACTS
15 ARE BASICALLY DESIGNATED TO THE -- OR DELEGATED TO
16 EITHER THE CHIEF ADMINISTRATIVE OFFICER, WHICH IN OUR
17 CASE WOULD BE EQUIVALENT TO ZACH, THE ASSISTANT
18 EXECUTIVE OFFICER, WHICH WOULD BE PROBABLY BE
19 EQUIVALENT TO ME AS THE CHIEF ADMINISTRATIVE OFFICER,
20 AND THEN TO LOWER LEVELS.

21 NOW, I SHOULD SAY CAL PERS IS A MAJOR
22 ORGANIZATION, \$184 BILLION OF INVESTMENT, THOUSANDS OF
23 EMPLOYEES. YOU KNOW, AND OBVIOUSLY THE BOARD REALLY
24 DOESN'T WANT TO BE SPENDING ANY TIME AT ALL WITH REGARD
25 TO OPERATIONAL CONTRACTS. AND SO THAT'S ONE OF THE

1 REASONS WHY THESE DELEGATIONS ARE HERE. BUT IT DOES
2 GIVE YOU AN INDICATION OF THE TYPE OF DELEGATION
3 AUTHORITY THAT PERHAPS WE OUGHT TO CONSIDER.

4 AND WE HAVE DEVELOPED A PROPOSED
5 RECOMMENDATION FOR HOW TO DEAL WITH THIS IN THE FUTURE.
6 AND IT'S AT THE BOTTOM OF PAGE 1 OF ATTACHMENT B. WHAT
7 WE'RE SAYING IS THE INTERAGENCY AGREEMENTS, BOTH THE
8 INITIAL AMENDMENTS OR EXTENSIONS, SINCE THESE ARE NOT
9 COVERED BY THE UC BOARD, THEY'RE NOT CONTRACTS WITH
10 THIRD PARTIES, THERE'S NO BID PROCESS, AND, AS CHAIRMAN
11 KLEIN ADEQUATELY POINTED OUT, THERE ARE SOME CASES
12 WHERE WE HAVE NO AUTHORITY AT ALL, THE RECOMMENDATION
13 WOULD BE TO DELEGATE APPROVAL OF INTERAGENCY AGREEMENTS
14 TO THE PRESIDENT OF THE INSTITUTE.

15 WITH REGARD TO CONTRACTS WITH PRIVATE THIRD
16 PARTIES, THE ICOC INDICATED THAT THEY WANTED TO
17 APPROVE -- SOME APPROVAL FOR \$100,000 OR MORE. OUR
18 FEELING IS, AND WE FEEL THIS IS CONSISTENT WITH THE
19 FACT THAT THE MAIN DUTIES ASSOCIATED WITH THE BOARD ARE
20 RELATED TO GRANTS AND GRANT ISSUANCE, MANAGEMENT,
21 THINGS LIKE THAT, THAT THE GOVERNANCE COMMITTEE SHOULD
22 ACTUALLY TAKE OVER THE \$100,000 LEVEL. AND WE'VE ALSO
23 RECOMMENDED OR WHEN AN AMENDMENT WILL CAUSE A CONTRACT
24 TO EXCEED \$100,000 SO THAT YOU HAVE THAT COVERED AS
25 WELL.

1 WITH REGARD TO THE ICOC, OUR FEELING IS THAT
2 APPROVAL BY THE ICOC SHOULD BE A HIGHER LEVEL. WE HAVE
3 SUGGESTED \$250,000 OR WHEN AN AMENDMENT WILL CAUSE A
4 CONTRACT TO EXCEED \$250,000. CURRENTLY I THINK WE ONLY
5 HAVE THREE -- TWO CONTRACTS THAT FIT INTO THAT. ONE IS
6 EDELMAN, WHICH WE'LL TALK ABOUT LATER, AND THE OTHER
7 ONE IS REMCHO, AND THAT ANYTHING ELSE BE DELEGATED TO
8 THE PRESIDENT.

9 I SHOULD ALSO SAY THAT THE LAST PART OF THIS
10 IS THAT USUALLY THE GOVERNANCE COMMITTEES ASK FOR A
11 REGULAR REPORT ON CONTRACTING, AND WE THINK THAT WILL
12 BE A GOOD POLICY TO ADOPT, A REPORT ON THE STATUS OF
13 ALL INTERAGENCY AGREEMENTS AND CONTRACTS AND WHATEVER.
14 WHEN WE GET TO ATTACHMENT C, THAT WILL ACTUALLY GIVE
15 YOU AN EXAMPLE OF THE TYPE OF REPORT THAT WE'RE
16 PROPOSING TO DO IN THE FUTURE.

17 CHAIRPERSON LANSING: I JUST WANT TO KIND OF
18 OPEN THIS TO DISCUSSION AND PUT IT IN THE PROPER
19 CONTEXT, I GUESS. WHEN THE ICOC MET AND WE WANTED TO
20 ESTABLISH THIS GOVERNANCE COMMITTEE AT OUR LAST
21 MEETING, WE TOOK THE FIGURE OF \$100,000 AND SAID WE
22 WANT TO REVISIT IT IN THE GOVERNANCE COMMITTEE. THIS
23 WAS NEVER CARVED IN STONE. THIS WAS SOMETHING LIKE,
24 WELL, OKAY, BETWEEN NOW AND OUR NEXT MEETING, WE WANT
25 TO HAVE A NUMBER.

1 SO I THINK THAT THIS IS REALLY SOMETHING THAT
2 WE SHOULD OPEN FOR DISCUSSION ABOUT BECAUSE MY FEAR IS
3 THAT CIRM WON'T BE ABLE TO FUNCTION. DO YOU KNOW?
4 THAT IS MY GREATEST FEAR, AND I JUST SAY THAT AS
5 HONESTLY AS I CAN. I WANT THE ICOC TO EXERCISE
6 INCREDIBLE FIDUCIARY RESPONSIBILITIES, AND THIS IS THE
7 TAXPAYERS' MONEY. BUT I'M INTERESTED IN HEARING FROM
8 ZACH AND FROM BOB AS TO HOW -- MAYBE I'M WRONG -- CAN
9 YOU FUNCTION IF YOU HAVE TO COME TO THE FULL BOARD, YOU
10 KNOW, EVERY TIME IT'S ABOVE \$100,000? CAN YOU HIRE THE
11 NECESSARY PEOPLE? CAN YOU MAKE THE NECESSARY
12 DECISIONS? BECAUSE WE MUST REMEMBER THAT THE FULL
13 BOARD MEETS ONCE A MONTH AS COMPARED TO A GOVERNANCE
14 COMMITTEE, WHICH COULD, YOU KNOW, MEET MORE OFTEN.
15 AND THEN, ALSO, I WANT TO SAY THAT THIS,
16 AGAIN, AND I SAID THIS IN THE BEGINNING OF THE MEETING,
17 IS A WORK IN PROGRESS. AND WHEN WE HAVE OUR FULL
18 BUDGET IN PLACE AND WHEN WE KNOW EVERYTHING WE'RE
19 DOING, WE MIGHT ACTUALLY MAKE OTHER CHANGES. SO I'D
20 LIKE TO HEAR FROM BOB AND ZACH AS TO THEIR OPINIONS AND
21 THEN OPEN IT TO DISCUSSION FOR THE REST OF THE
22 SUBCOMMITTEE.
23 MR. KLEIN: SHERRY, THIS IS BOB. I THINK
24 YOUR POINT IS VERY WELL TAKEN. WHEN I BROUGHT BACK ON
25 JANUARY 14TH A PROPOSED AUTHORITY AND PROPOSED THAT I

1 BE LIMITED TO \$100,000, IT WAS TO PROVIDE VERY STRICT
2 CONTROLS AND INFORMATION TO THE BOARD AT A TIME WHEN WE
3 DIDN'T HAVE OUR PRESIDENT, WE DIDN'T HAVE OUR
4 CONTROLLER, WE DIDN'T HAVE OUR CONTRACT PROCEDURES IN
5 PLACE, AND WE DIDN'T HAVE A BUDGET.

6 WE NOW HAVE A PRESIDENT, CONTROLLER, WE WILL
7 HAVE OUR CONTRACT PROCEDURES IN PLACE, AND WE'RE
8 LOOKING TO A BUDGET COMING BACK TO THE GOVERNANCE
9 COMMITTEE IN THE NEXT MEETING IN DETAIL WHERE WE HAVE A
10 NARRATIVE BUDGET STATEMENT IN THESE DOCUMENTS THAT WE
11 HAVE TO LOOK AT TODAY.

12 CHAIRPERSON LANSING: AND WE ALSO DIDN'T HAVE
13 A GOVERNANCE COMMITTEE. THIS IS A NEW COMMITTEE.

14 MR. KLEIN: SO I DO BELIEVE THAT THIS --
15 THESE LIMITS OF \$100,000 FOR THE PRESIDENT AND THEN A
16 HUNDRED TO 250,000 THE GOVERNANCE COMMITTEE NEED TO BE
17 VIEWED AS INTERIM STRUCTURES TO HAVE A VERY
18 CONSERVATIVE LEVEL OF ASSURANCES WHERE ON A LONGER
19 TERM, AS SOON AS WE HAVE A BUDGET APPROVED, MOST
20 ENTITIES WOULD OPERATE WHERE AS LONG AS THE PRESIDENT'S
21 WORKING WITHIN THE BUDGET OR A REASONABLE 5-PERCENT
22 VARIANCE OF SUCH BUDGET, THE PRESIDENT CAN MAKE
23 DECISIONS THAT BALANCE ITEMS WITHIN THAT BUDGET AND
24 OPERATE. THIS IS THE KIND OF LEADERSHIP ROLE THAT ZACH
25 HAS BEEN VERY EFFECTIVE AT FOR MANY, MANY YEARS. AND

1 THE --

2 DR. REED: JOHN REED HERE.

3 MR. KLEIN: AND PRESIDENT OF THIS

4 ORGANIZATION SHOULD HAVE THIS TYPE OF AUTHORITY. THE

5 GOVERNANCE COMMITTEE WILL APPROVE THE BUDGET. THE

6 BOARD WILL APPROVE THE BUDGET. AND IF WE HAVE

7 REASONABLY CLOSE VARIANCES ON THOSE BUDGETS THAT COME

8 BACK TO THE BOARD, I THINK THAT ON A LONGER TERM

9 OPERATING BASIS, THAT WOULD BE VERY GOOD.

10 SO I'M VIEWING THESE AS A CONTINUATION OF A

11 VERY STRICT REQUIREMENTS, BUT ON A SHORT-TERM BASIS

12 UNTIL WE HAVE THE BUDGET IN PLACE. AND I DO THINK IT

13 IS AN IMPROVEMENT TO HAVE A HUNDRED TO 250,000 HANDLED

14 NOW AT THE GOVERNANCE COMMITTEE UNDER THIS PROPOSAL.

15 CHAIRPERSON LANSING: ZACH, I'M VERY

16 INTERESTED -- THANK YOU, BOB. I'M VERY INTERESTED,

17 ZACH, AS TO YOUR OPINION.

18 DR. REED: BOB, DID YOU HEAR JOHN REED IS

19 HERE?

20 CHAIRPERSON LANSING: WE HAVE A QUORUM, JOHN.

21 THANK YOU.

22 DR. REED: WELCOME.

23 DR. HALL: I THINK WHAT BOB SUGGESTS IS VERY

24 REASONABLE. AND I THINK THE POINT WILL BE TO HAVE OUR

25 BUDGET TO BE ABLE TO OPERATE WITHIN THAT, AND THEN THE

1 GOVERNANCE SUBCOMMITTEE AND THE ICOC THEN KNOWS WHAT WE
2 PLAN TO DO. WE WILL FORESEE AS BEST WE CAN THOSE
3 EXPENSES THAT WE HAVE AND WE, IN ESSENCE, WILL GET SORT
4 OF PRIOR APPROVAL FOR THE WHOLE THING. I THINK THAT
5 WORKS BEST. AND THEN IF THERE'S SOME VARIANCE BEYOND
6 THAT, AS BOB SAID, THAT THAT MAKES A LOT OF SENSE.

7 YOU KNOW, MY CONCERN IS TWOFOLD. ONE IS
8 WE'RE AT A TIME WHERE WE ARE BEGINNING TO RAMP UP OUR
9 OPERATIONS. AND SO WE ARE BEGINNING TO SPEND MORE
10 MONEY. NO QUESTION ABOUT THAT. AT THE SAME TIME WE
11 HAVE HAD A LOT OF SORT OF ARRANGEMENTS WITH OUTSIDE
12 PARTIES TO MANAGE SOME OF THE FUNCTIONS THAT WE'RE NOW
13 HIRING IN-HOUSE PEOPLE TO DO. SO WE'RE IN SORT OF A
14 STAGE OF FLUX RIGHT NOW. WE HAVE ALSO SOME NEW
15 ACTIVITIES THAT ARE COMING UP THAT WE WILL NEED TO
16 FINANCE AND WHICH WE WILL MAKE ESTIMATES ABOUT BUDGET,
17 BUT THE DATA WILL BE SOFT BEFORE WE ACTUALLY GO THROUGH
18 THE PROCESS.

19 SO I WANT TO BALANCE THOSE TWO THINGS. I
20 WANT US TO HAVE THE FREEDOM TO BE ABLE TO MOVE
21 EFFECTIVELY AND NOT HAVE TO COME BACK TOO OFTEN TO THIS
22 COMMITTEE. ON THE OTHER HAND, I THINK THERE NEEDS TO
23 DEVELOP A SENSE OF TRUST. I UNDERSTAND THAT ICOC IS
24 CONCERNED ABOUT IT. I THINK IF WE CAN ADOPT A \$100,000
25 LIMIT, WHICH IS FAIRLY LOW ACTUALLY, BUT IF WE ADOPT

1 THAT AS AN INTERIM TO COME TO THIS COMMITTEE AND THEN
2 HAVE 250,000 GO TO THE ICOC, I THINK THAT WOULD BE ALL
3 RIGHT. IF THE COMMITTEE IS COMFORTABLE WITH IT, WE CAN
4 GO HIGHER THAN THAT.

5 MY POINT IS I DO NOT WANT (INAUDIBLE)
6 SUBCOMMITTEE AND THE ICOC BECAUSE I THINK WE DO NOT
7 WANT -- WE WANT YOU TO TRUST US, HAVE CONFIDENCE IN
8 WHAT WE DO, AND WE WANT TO BUILD THAT RELATIONSHIP
9 THROUGH THIS COMMITTEE, BY THE WAY, WHICH I THINK IS A
10 WONDERFUL THING SO THAT WE CAN OPERATE WITH A FREE REIN
11 AND ARE ABLE TO MOVE MORE QUICKLY WHEN WE NEED TO.

12 CHAIRPERSON LANSING: COUPLE OF THINGS.
13 FIRST OF ALL, I THINK THAT WHAT WE MUST ALSO ADD, WHICH
14 IS IN THE RECOMMENDATION, IS THAT WHEN IT'S OVER
15 \$100,000, EVEN THOUGH IF THIS SHOULD GET CONSENSUS,
16 THEN YOU'RE GOING STILL TO REPORT BACK TO THE FULL
17 BOARD ON ANYTHING THAT'S BEEN DONE. SO THE FULL BOARD
18 AND THE PUBLIC WILL KNOW EVERYTHING, BUT IT WILL NOT
19 INHIBIT YOUR ABILITY AND BOB KLEIN'S ABILITY TO
20 FUNCTION, I MEAN TO HIRE PEOPLE, WHATEVER. AND THEN AT
21 A CERTAIN POINT, THERE'S GOING TO BE A BUDGET, WHICH WE
22 HOPE WILL BE RELATIVELY SOON, AND THEN IT'S ALL LAID
23 OUT THERE ANYWAYS.

24 I'M JUST -- AS I SAID IN THE BEGINNING, I
25 DON'T WANT TO INHIBIT YOUR ABILITY TO DO WHAT'S

1 IMPORTANT TO ADVANCE THE SCIENCE IS REALLY WHAT WE'RE
2 TALKING ABOUT.

3 DR. HALL: WELL, ONE REASON I WELCOME THIS
4 COMMITTEE IS IT GIVES US AN OPPORTUNITY USING TIME WE
5 USUALLY DON'T HAVE AT ICOC MEETINGS TO REPORT TO YOU.
6 AND I WANT TO ESTABLISH, AS WE DID WITH THE CONSULTANT
7 THAT I MENTIONED, WHENEVER WE HAVE EXPENSES THAT ARE
8 EITHER ENTERED INTO OR ONGOING THAT ARE SUBSTANTIALLY
9 IN ANY WAY OR THAT WE THINK HAVE -- WHICH YOU NEED TO
10 BE INFORMED, WE WILL DO SO. SO WE WILL CLEARLY KEEP
11 YOU INFORMED OF OUR ACTIVITIES.

12 I THINK THE QUESTION IS PRIOR APPROVAL. AND
13 OBVIOUSLY THERE'S A SORT OF A TRADE-OFF THERE BETWEEN
14 NOT WANTING TO GET TOO FAR AHEAD OF WHAT THE COMMITTEE
15 KNOWS AND AT THE SAME TIME GIVING US ROOM TO OPERATE SO
16 THAT WE CAN MOVE EFFICIENTLY AND QUICKLY.

17 (INTERRUPTION IN PROCEEDINGS.)

18 CHAIRPERSON LANSING: WE'RE GOING TO DIAL IN
19 AGAIN. OKAY?

20 (PAUSE IN PROCEEDINGS.)

21 CHAIRPERSON LANSING: LET'S DO THE ROLL
22 BECAUSE I THINK WE'VE GOT EVERYBODY. LET'S DO THE ROLL
23 TO BE SURE.

24 MS. DUROSS: SHERRY.

25 CHAIRPERSON LANSING: HERE.

1 MS. DUROSS: DAVID MEYER.
2 DR. MEYER: HERE.
3 MS. DUROSS: BOB KLEIN.
4 MR. KLEIN: YES.
5 MS. DUROSS: OS STEWARD.
6 DR. STEWARD: YES.
7 MS. DUROSS: TINA NOVA.
8 MS. NOVA: HERE.
9 MS. DUROSS: JOHN REED.
10 DR. REED: YES.
11 MS. DUROSS: RICH MURPHY.
12 DR. MURPHY: HERE.
13 CHAIRPERSON LANSING: OKAY.
14 DR. MEYER: THIS IS DAVID MEYER IN LOS
15 ANGELES. I JUST WANT TO MAYBE SAFEGUARD AGAINST
16 REDUNDANCY HERE. AND TO RAISE THIS, MAYBE WE SHOULD
17 PUT IT IN THE CONTEXT OF ONCE THERE IS A BUDGET IN
18 PLACE, THEN ANY EXCEPTIONS TO THAT IN EXCESS OF
19 \$100,000 OR IN EXCESS OF \$250,000 SO IT'S VERY CLEAR
20 THAT IT'S NOT -- WHATEVER IT IS ZACH HAS IN THE BUDGET
21 OR WHOEVER HAS IN THE BUDGET, THAT THAT'S ALREADY BEEN
22 SCRUTINIZED.
23 CHAIRPERSON LANSING: I THINK THAT'S A GOOD
24 POINT.
25 DR. MEYER: THAT'S NO. 1.

1 NO. 2 IS I'M THINKING WITH THE DIFFICULTY
2 THAT WE'RE HAVING HERE TODAY, IF THERE IS SOMETHING
3 THAT'S OVER \$100,000 THAT NEEDS THE GOVERNANCE
4 COMMITTEE'S APPROVAL, THE QUESTION IS DO WE NEED TO
5 HAVE THE FULL GOVERNANCE COMMITTEE MEETING AND THEN
6 DECIDING ON IT, OR IS THERE SOME WAY THAT WE CAN
7 EXPEDITE THE PROCESS SHORT OF HAVING EVERYONE ASSEMBLED
8 IS MY QUESTION.

9 CHAIRPERSON LANSING: WELL, I SYMPATHIZE WITH
10 WHAT YOU'RE SAYING, BUT I'M HOPEFUL THAT WHEN WE HAVE A
11 BUDGET, THAT THERE WON'T BE THAT MANY EXCEPTIONS. AND
12 I THINK I WOULD BE UNCOMFORTABLE, FOR EXAMPLE, IF
13 SOMEONE SAID DELEGATE IT TO THE CHAIRMAN. I WOULD BE
14 UNCOMFORTABLE. I REALLY WANT -- I THINK THE GOVERNANCE
15 COMMITTEE --

16 DR. HALL: WE TRUST YOU.

17 CHAIRPERSON LANSING: I WOULD BE
18 UNCOMFORTABLE WITH THAT LEVEL OF TRUST. I THINK THE
19 GOVERNANCE COMMITTEE WAS SET UP -- YOU KNOW, I THINK
20 EVERYBODY WELCOMES IT. DO YOU KNOW? AND I THINK -- I
21 HEAR WHAT YOU'RE SAYING, AND THIS IS AN EXAMPLE OF WHY
22 WE WANT TO -- AT LEAST I'M IN FAVOR OF RAISING THE
23 LIMITS SO THAT, YOU KNOW, SO ZACH AND BOB DON'T HAVE TO
24 COME TO US EVERY TIME THEY DO ANYTHING IS REALLY WHAT I
25 THINK IS GOING TO HAPPEN.

1 I THINK ONCE WE HAVE THE BUDGET AND IF WE DO
2 WHAT YOU'RE TALKING ABOUT WITH YOUR AMENDMENT TO IT, I
3 THINK THAT WE CAN CERTAINLY TRY LIVING WITH IT. AND IF
4 IT BECOMES CUMBERSOME -- AGAIN, THIS COMMITTEE IS A
5 WORK IN PROGRESS. IF IT BECOMES CUMBERSOME AND WE
6 SUDDENLY, MY GOD, THE GOVERNANCE COMMITTEE IS MEETING
7 EVERY OTHER DAY, THEN WE SHOULD TALK ABOUT IT.

8 DR. HALL: THE PROBLEM IS IT CAN'T MEET EVERY
9 OTHER DAY. SO WHAT WE'RE CONCERNED ABOUT, AS EVERYBODY
10 IS, IS A SITUATION IN WHICH WE NEED TO GET SOMETHING
11 DONE, WE NEED TO GET SOMETHING DONE, AND WE FIND WE
12 CAN'T GET PEOPLE TOGETHER FOR THREE TO FOUR WEEKS.

13 MR. KLEIN: I HAVE A SUGGESTION MAYBE TO
14 AUGMENT AND FOLLOW THROUGH, ZACH, ON WHAT YOU ARE
15 SAYING. AND THE PROPOSAL IS THAT IF WE TAKE THE
16 PROPOSAL AND SAY THAT AS SOON AS THERE'S A BUDGET IN
17 PLACE, THAT WE'LL COME BACK WITH EXCEPTIONS OF OVER
18 \$100,000 TO THIS COMMITTEE BEYOND THE 5-PERCENT
19 DEVIATION FROM THE BUDGET.

20 DR. HALL: I'M GOING TO SUGGEST WE DECIDE
21 THIS AT THE TIME WE PRESENT THE BUDGET, THAT WE MOVE AT
22 THAT TIME TO ACCEPTING THE BUDGET, AND THEN SET THE
23 RULES AT THAT TIME FOR WHAT WE WANT. I DON'T THINK WE
24 HAVE TO DO THAT. I THINK NOW WE JUST SET IT TILL WE
25 REPORT THE BUDGET.

1 MR. KLEIN: LET ME JUST FINISH THIS IDEA. I
2 BELIEVE THAT IN DRAWING UP THE BUDGET WITH THIS
3 CONSIDERATION, IT WOULD BE GOOD TO HAVE THE CONTINGENCY
4 ACCOUNT. AND THAT WOULD BE A LIMITED DOLLAR AMOUNT IN
5 A CONTINGENCY ACCOUNT. AND ON AN URGENCY BASIS, THE
6 PRESIDENT COULD MAKE A DECISION TO EXPEND FROM THE
7 CONTINGENCY ACCOUNT AND REPORT TO THE GOVERNANCE
8 COMMITTEE IF THERE WAS AN URGENCY SO THAT WE WOULD HAVE
9 A VERY SPECIFIED CONTROL OVER THE SIZE OF THAT
10 CONTINGENCY ACCOUNT AND IT COULD BE REPLENISHED BY THE
11 GOVERNANCE COMMITTEE. BUT THAT WOULD -- THAT WOULD
12 PREPARE US TO DEAL WITH CRITICAL UNEXPECTED CHANGES.

13 ANOTHER APPROACH TO THE SAME TOPIC WOULD BE
14 TO SAY THAT WITHIN THE BUDGET, IF AN URGENT ITEM AROSE,
15 THAT THE PRESIDENT COULD REBALANCE HIS EXISTING
16 REMAINING ITEMS, CREATING A SAVINGS, AND USE THAT
17 SAVINGS FOR AN URGENCY ITEM, NOT COMING BACK TO THE
18 GOVERNANCE COMMITTEE TO REPLENISH ANY OF THOSE ITEMS,
19 BUT HE WOULD BE LIVING WITHIN THE BUDGET. SO THERE'S
20 TWO DIFFERENT OPTIONS THAT WE CAN THINK ABOUT IN
21 BRINGING BACK A BUDGET WHERE WE WOULD HAVE THE ABILITY
22 FOR THE PRESIDENT TO ADAPT TO AN EMERGENCY SITUATION
23 AND YET BE WITHIN THE CONTROLS ESTABLISHED.

24 CHAIRPERSON LANSING: I THINK, YOU KNOW, ALL
25 OF THIS IS CREATIVE THINKING, AND I RESPECT IT

1 ENORMOUSLY, BUT I THINK WHEN YOU PREPARE THE BUDGET,
2 THAT'S THE TIME TO COME BACK TO THE GOVERNANCE
3 COMMITTEE WITH ANY OR ANOTHER PROPOSAL. I THINK IT'S A
4 VERY FINE LINE THAT WE'RE TRYING TO BALANCE. AND,
5 AGAIN, I DON'T THINK THERE'S ANYTHING WRONG. I KEEP
6 USING THIS. WE ARE IN PROGRESS. DO YOU KNOW? AND WE
7 CAN TRY SOMETHING AND SEE IF IT WORKS. AND MAYBE THERE
8 WON'T BE THIS PROBLEM.

9 I THINK IN LOS ANGELES AND, AGAIN, I WANT TO
10 NOW GO AROUND TO THE OTHER CITIES, I CAN SEE FROM MY
11 COLLEAGUES THAT THERE'S A FEELING THAT THE \$100,000 WAS
12 TOO LOW, AND IT WOULD INHIBIT ZACH AND BOB'S ABILITY TO
13 FUNCTION, PERIOD. DO YOU KNOW.

14 NOW, AND I RESPECT WHAT YOU'RE SAYING, BUT
15 NOW AT SOME POINT WE CAN SEE WHAT HAPPENS WITH THIS
16 PROPOSAL, THIS REPORTING STRUCTURE WHEN WE HAVE THE
17 BUDGET AND SEE WHERE WE END UP. I JUST THINK IF WE --
18 I DON'T WANT TO MOVE TOO FAST.

19 DR. HALL: LET ME JUST SAY THAT WE EXPECT TO
20 HAVE A BUDGET SOON. WE'RE NOT TALKING MONTHS HERE. WE
21 WILL GET THAT BUDGET TO YOU AS SOON AS WE POSSIBLY CAN.
22 SO I'M QUITE HAPPY TO LIVE BY WHAT'S IN HERE FOR THE
23 TIME BEING. I THINK IT'S A SHORT-TERM ARRANGEMENT, AND
24 WE AT THE TIME WE BRING THE BUDGET TO YOU, WHICH, AS I
25 SAY, I HOPE WILL BE SOON, WE WILL THEN SUGGEST AN

1 ARRANGEMENT. I THINK THAT WILL BE THE TIME TO TALK
2 ABOUT HOW WE SHOULD DO IT GOING ON FROM THAT POINT.
3 WITH THE BUDGET IN FRONT OF US, WE CAN HAVE SOME SENSE
4 OF HOW IT FITS INTO EVERYTHING ELSE.

5 I THINK I, FOR ONE, SUGGEST THAT WE GO AHEAD
6 WITH THIS. I RESPECT THE CONCERN OF THE ICOC ABOUT
7 THIS. AND AS I SAY, THE MOST IMPORTANT THING TO ME IS
8 TO DEVELOP A SENSE OF TRUST BETWEEN THE ADMINISTRATIVE
9 LEADERSHIP OF THE CIRM AND THE ICOC THAT WILL ALLOW US
10 TO PROCEED. I'M QUITE HAPPY WITH WHAT WE HAVE HERE
11 WITH THE UNDERSTANDING THAT IT WILL BE REVISITED.

12 MR. KLEIN: ZACH, IF I COULD ASK THIS
13 QUESTION. IT'S LOGICAL THAT AT THE BOARD THE SAME
14 ISSUES THAT WE RAISED HERE ARE GOING TO BE BROUGHT UP
15 AS WHAT ARE YOU GOING TO DO AT THE BUDGET LEVEL? IS IT
16 APPROPRIATE, IN THE CHAIR'S OPINION, THAT WE PASS THIS
17 RESOLUTION, LIMITED AS IT IS, BUT INFORMATIONALLY
18 REPORT TO THE BOARD THAT WE'RE LOOKING AT BRINGING BACK
19 TO THEM A LONGER TERM POLICY THAT DEALS WITH THE BUDGET
20 APPROVAL AND A VARIANCE FROM THAT BUDGET?

21 CHAIRPERSON LANSING: SURE.

22 MR. KLEIN: SO THAT INFORMATIONALLY THEY'RE
23 AWARE THAT WE'RE MOVING IN THAT DIRECTION.

24 CHAIRPERSON LANSING: AGAIN, I DON'T KNOW
25 WHAT DIRECTION -- I WANT TO BE CLEAR. AGAIN, I DON'T

1 KNOW WHAT DIRECTION WE'RE MOVING IN. I HAVE TO BE
2 HONEST AT THIS POINT. AND MAYBE -- I'M COMFORTABLE
3 SEEING WHAT HAPPENS WITH THIS. DO YOU KNOW? AND
4 HAVING YOU REPORT BACK TO US WITH THE BUDGET, AND I
5 DON'T KNOW WHAT YOUR BUDGET'S GOING TO SAY BECAUSE YOU
6 HAVEN'T DONE IT YET. WHATEVER YOUR BUDGET SAYS, THEN
7 IT WILL BE DISCUSSED IN THE GOVERNANCE COMMITTEE AND
8 WILL BE DISCUSSED AT THE FULL BOARD ICOC, AND WE'LL
9 MAKE THE -- WE'LL DISCUSS IT THEN. I HAVE A COMPLETELY
10 OPEN MIND.

11 MY INSTINCTIVE FEELING, YOU KNOW, AFTER WE
12 REVIEW THESE DOCUMENTS, THAT IF WE HAVE TO BRING A
13 \$100,000 COMMITMENT BACK TO THE FULL BOARD, WHICH IS
14 ONCE A MONTH, THAT WE WOULD HAVE A DYSFUNCTIONAL
15 COMPANY. SO I'M THRILLED THAT WE HAVE A GOVERNANCE
16 COMMITTEE. I PERSONALLY THINK IT'S GREAT THAT THE
17 WHOLE GOVERNANCE COMMITTEE HAS TO, YOU KNOW, BE AWARE
18 OF SOMETHING THAT'S OVER THAT AMOUNT, AND THAT WE BRING
19 IT BACK TO THE FULL BOARD WHEN IT'S AT THE 250 LEVEL.
20 BUT WHAT I LOVE ABOUT THIS IS THAT THE FULL BOARD WILL
21 KNOW EVERYTHING OVER A HUNDRED, AND IT WILL BE REPORTED
22 TO THEM. AND IF THERE SHOULD BE ANY PROBLEMS, AT LEAST
23 THEY WILL BE ABLE TO DISCUSS IT. DO YOU KNOW? TO ME
24 IT'S FULL DISCLOSURE TO THE PUBLIC, IT'S FULL
25 DISCLOSURE TO THE BOARD, AND IT DOES NOT INHIBIT EITHER

1 OF YOUR ABILITY TO DO YOUR JOBS. AND WE'RE NOT
2 MICROMANAGING YOU. WE'RE JUST EXERCISING
3 RESPONSIBILITY.

4 DR. NOVA: I AGREE WITH EVERYTHING YOU JUST
5 SAID. I THINK YOU'RE ABSOLUTELY RIGHT ON. I JUST
6 WANTED TO ASK ONE QUESTION. IS THE DEFINITION IN THE
7 DEFINITION OF CONTRACT, DOES THAT INCLUDE THE HIRING OF
8 PERSONNEL? I COULD SEE THAT KIND OF BEING A PROBLEM IF
9 EVERY OFFER LETTER THEN HAD TO WAIT. IF IT DOESN'T
10 INCLUDE THE HIRING OF PERSONNEL, I THINK IT MAKES IT A
11 LOT EASIER.

12 MR. BARNES: IT DOES NOT INCLUDE THE HIRING
13 OF PERSONNEL.

14 DR. NOVA: GOOD. OKAY. THANK YOU.

15 MR. KLEIN: IT DOES NOT INCLUDE INTERAGENCY
16 AGREEMENTS.

17 MR. BARNES: THAT'S CORRECT.

18 DR. NOVA: OKAY. GREAT. THAT MAKES IT
19 EASIER TOO. THANK YOU.

20 DR. MEYER: THIS IS DAVID AGAIN IN LOS
21 ANGELES. JUST A QUICK CLARIFICATION. IT SAYS HERE
22 \$100,000. SOME OF THESE CONTRACTS MAY BE MULTIYEAR AND
23 SO ON. IS THAT \$100,000 PER YEAR OR \$100,000 TOTAL
24 BECAUSE IT SHOULD SAY SO ONE WAY OR THE OTHER?

25 MR. BARNES: THAT'S A GOOD QUESTION. I THINK

1 THE INTENT OF THIS IS FOR \$100,000 AS AN ITEM, AS A
2 CONTRACT. SO THE QUESTION --

3 DR. MEYER: EVEN IF IT'S MULTIYEAR.

4 MR. BARNES: EVEN IF IT'S MULTIYEAR. THEN
5 AGAIN, TO A CERTAIN EXTENT, IF YOU HAVE A MULTIYEAR
6 CONTRACT, IT PROBABLY WILL HIT THE \$100,000 MARK FAIRLY
7 QUICKLY UNLESS IT'S SOME OF THE THINGS LIKE OUR
8 MAINTENANCE CONTRACTS AND THINGS LIKE THAT WHERE WE'RE
9 TALKING A COUPLE OF THOUSAND DOLLARS A YEAR. SO THAT
10 TOO MAY BE SOMETHING THAT, AS WE GET INTO THIS, WE WANT
11 TO TAKE A LOOK AT IN TERMS OF HOW DO WE WANT TO DEAL
12 WITH IT. AND THAT'S WHY I ADDED OR SUGGESTED THAT WE
13 ADD IN SOMETHING ABOUT THE AMENDMENT PROCESS SO THAT IF
14 WE START OFF LOW, BUT THEN WE END UP EXTENDING IT AND
15 IT GOES HIGH, THEN...

16 CHAIRPERSON LANSING: OKAY. COMMENTS IN
17 IRVINE?

18 DR. STEWARD: NO. I THINK EVERYTHING YOU
19 SAID, SHERRY, MAKES PERFECT SENSE. AGAIN, I WANT TO
20 REITERATE MY CONCERNS, THAT WE DON'T WANT TO HOBBLE BOB
21 AND ZACH IN MOVING FORWARD HERE. AS LONG AS THEY'RE
22 COMFORTABLE WITH THIS, I THINK THAT'S A VERY IMPORTANT
23 THING.

24 CHAIRPERSON LANSING: I THINK THAT'S A VERY
25 GOOD POINT. I SENSE THAT BOTH OF YOU ARE COMFORTABLE

1 AT THIS TIME. ANY PUBLIC COMMENTS IN IRVINE?

2 DR. STEWARD: NO PUBLIC HERE.

3 CHAIRPERSON LANSING: SAN DIEGO, ANY MORE

4 COMMENTS?

5 DR. NOVA: NO MORE COMMENTS. NO PUBLIC.

6 CHAIRPERSON LANSING: IN L.A. ANY PUBLIC

7 COMMENTS? YES.

8 MS. FOGEL: I AM THE PUBLIC.

9 CHAIRPERSON LANSING: NO. THERE'S TWO.

10 MS. FOGEL: JUST BRIEFLY. THIS IS SUSAN

11 FOGEL WITH THE PRO CHOICE ALLIANCE FOR RESPONSIBLE

12 RESEARCH. I JUST WANT TO ECHO THE CONCERN ABOUT

13 ACCOUNTABILITY AND TRANSPARENCY. AND THAT A BUDGET,

14 THE PUBLIC EXPECTS THAT THE BUDGET IS GOING TO BE

15 PREPARED AND DISCUSSED IN PUBLIC AND CONTINUE TO BE

16 PUBLIC AND TRANSPARENT. SO EXCEPTIONS TO THE BUDGET,

17 IT SEEMS TO ME, OUGHT TO BE VERY FULLY VETTED, NOT JUST

18 BY A SUBCOMMITTEE. IN OTHER WORDS, ONCE THERE'S A

19 BUDGET IN PLACE, THERE'S AN EXPECTATION THAT WE WILL

20 LIVE WITHIN THAT BUDGET.

21 AND I HOPE THAT THERE AREN'T EXCEPTIONS

22 WRITTEN INTO THE PROCESS SO THAT THE PUBLIC LOSES TRACK

23 OF HOW THE -- REMEMBER, THIS IS ADMINISTRATIVE MONEY.

24 THIS ISN'T RESEARCH MONEY. I THINK IT'S REALLY

25 IMPORTANT THAT THE PUBLIC ALWAYS DO KNOW HOW THIS MONEY

1 IS BEING SPENT. THANK YOU.

2 CHAIRPERSON LANSING: THANK YOU FOR THAT.

3 AND I THINK IT'S ACTUALLY OUR FULL INTENT. THANK YOU

4 FOR CLARIFYING IT. I THINK THAT WAS ACTUALLY WHAT

5 WE'RE SAYING IS THAT THE BUDGET IS GOING TO BE

6 PRESENTED OBVIOUSLY TO THE FULL BOARD, DISCUSSED, AND

7 WE DON'T KNOW IF THERE WILL BE ANY EXCEPTIONS BECAUSE I

8 HAVE NO IDEA WHAT IT WILL BE AT THIS TIME.

9 DO YOU WANT TO READ WHAT WE'RE GOING TO VOTE

10 ON, SO EVERYBODY KNOWS, AND WE'LL SEE IF WE CAN HAVE A

11 VOTE.

12 MR. BARNES: THERE'S ACTUALLY TWO THINGS.

13 ONE WAS THE ATTACHMENT A IS TO ADOPT THE CONTRACTS

14 POLICY AND PROCEDURE. UNDER PART B IT'S TO ADOPT THE

15 RECOMMENDATION FOR APPROVALS, WHICH ARE LISTED ON

16 ATTACHMENT B BEGINNING ON THE BOTTOM OF PAGE 1 AND

17 GOING TO THE END OF PAGE 2.

18 CHAIRPERSON LANSING: JAMES, YOU WANT TO

19 CLARIFY?

20 MR. HARRISON: I JUST WANT TO MAKE ONE

21 CLARIFICATION. THE JURISDICTION OF THIS SUBCOMMITTEE

22 AT THIS POINT IN TIME IS TO MAKE RECOMMENDATIONS TO THE

23 ICOC, SO THE POLICIES THAT YOU'RE ADOPTING ARE

24 REALLY --

25 CHAIRPERSON LANSING: WE'RE JUST MAKING A

1 RECOMMENDATION.

2 MR. HARRISON: -- IS A RECOMMENDATION TO THE

3 ICOC.

4 CHAIRPERSON LANSING: YES. YES. BUT WE HAVE

5 TO VOTE ON THE RECOMMENDATION.

6 MR. HARRISON: CORRECT.

7 CHAIRPERSON LANSING: AGAIN, I TOTALLY

8 UNDERSTAND THAT. SO WHAT WE ARE DOING TODAY AS A

9 SUBCOMMITTEE, WHICH WE HAVE A QUORUM FOR, SO WE CAN

10 VOTE ON IT, IS GOING TO VOTE WHETHER OR NOT WE WISH TO

11 MAKE THIS A RECOMMENDATION TO THE FULL ICOC. AND THEN

12 THE FULL ICOC WILL DETERMINE HOW IT FEELS.

13 MR. HARRISON: CORRECT.

14 CHAIRPERSON LANSING: OKAY. SO SHALL WE CALL

15 THE ROLL.

16 MS. DUROSS: SHERRY LANSING.

17 CHAIRPERSON LANSING: YES.

18 MS. DUROSS: DAVID MEYER.

19 DR. MEYER: YES.

20 MS. DUROSS: BOB KLEIN.

21 MR. KLEIN: YES.

22 MS. DUROSS: OS STEWARD.

23 DR. STEWARD: YES.

24 MS. DUROSS: TINA NOVA.

25 MS. NOVA: YES.

1 MS. DUROSS: JOHN REED.

2 DR. REED: YES.

3 MS. DUROSS: RICH MURPHY.

4 DR. MURPHY: YES.

5 CHAIRPERSON LANSING: OKAY. THE MOTION --

6 THE RECOMMENDATION PASSES, AND WE WILL THEN DISCUSS IT

7 AT THE FULL ICOC. WALTER.

8 MR. BARNES: THE LAST ITEM UNDER THIS IS

9 ATTACHMENT C; AND, AS I MENTIONED, THIS IS THE FORMAT

10 FOR A REGULAR REPORT, WHICH GIVES YOU THE STATUS OF

11 CONTRACTS AND INTERAGENCY AGREEMENTS THAT ARE EXECUTED

12 AT THIS TIME. AND THERE ARE TWO PAGES, EITHER UPDATED

13 PAGES FROM THE ONES THAT I PASSED OUT AT THE ICOC

14 MEETING, SHOWING WHICH CONTRACTS ARE FULLY EXECUTED AND

15 THE AMOUNTS THAT HAVE ACTUALLY BEEN PAID.

16 WE ALSO GIVE YOU A LIST OF NEW AND AMENDED

17 INTERAGENCY AGREEMENTS THAT WE'RE WORKING ON RIGHT NOW.

18 AS IT HAPPENS, BOTH OF THESE ARE AMENDMENTS. THE STATE

19 CONTROLLER'S OFFICE, WHICH WOULD BE JUST A TIME-ONLY

20 EXTENSION, THE ATTORNEY GENERAL. PROBABLY THE ONLY

21 THING THAT I'D POINT OUT THAT'S IMPORTANT RIGHT AT THE

22 MOMENT IS THE ONE AT THE BOTTOM OF PAGE 1. CURRENTLY

23 OUR CONTRACT WITH REMCHO, JOHANSEN & PURCELL IS A

24 SIX-MONTH CONTRACT THAT EXPIRES IN AUGUST. AND WHAT

25 WE'RE PROPOSING TO DO IS TO MAKE A FOUR-MONTH EXTENSION

1 OF THIS CURRENT CONTRACT. BASED ON THE CURRENT LEVEL
2 OF EXPENDITURES, THE EXTENSION WOULD BE FOR ABOUT
3 \$200,000 AND WOULD RAISE THE TOTAL AMOUNT IN THE
4 CONTRACT TO \$520,000.

5 UNDER THE POLICY THAT YOU'VE ADOPTED TO
6 RECOMMEND TO THE ICOC, THIS IS ONE THAT BASICALLY WOULD
7 FALL TO THE ICOC TO APPROVE. AND SO I THINK BASICALLY
8 THE ACTION THAT YOU WOULD NEED TO TAKE IS TO RECOMMEND
9 TO THE ICOC THAT THIS EXTENSION BE APPROVED.

10 THERE'S A DISCUSSION IN THERE. TO A CERTAIN
11 EXTENT, THEY PROVIDE A LOT OF THE SERVICES RIGHT NOW
12 THAT A GENERAL COUNSEL, WHEN WE HIRE ONE, WILL PERFORM.
13 BUT MORE SPECIFICALLY, THEY PROVIDE CONSULTATION ON THE
14 BOND FINANCING, ON THE CONFLICTS OF INTEREST, ON ALL OF
15 THE LITIGATION MATTERS WHICH ARE EXPECTED TO CONTINUE
16 FOR THE COMING YEAR. SO OUR FEELING IS WE ARE GOING TO
17 NEED THEIR SERVICES EVEN AFTER GENERAL COUNSEL COMES ON
18 BOARD, BUT THE GENERAL COUNSEL CAN WORK WITH THEM TO
19 FIGURE OUT THE ONGOING WORK. AND THAT'S WHY WE'RE ONLY
20 ASKING FOR A FOUR-MONTH EXTENSION.

21 CHAIRPERSON LANSING: I'M ASKING YOU THIS FOR
22 INFORMATION. IN A CASE LIKE THIS, AND I KNOW WE'RE
23 GOING TO BE GETTING INTO IN A SEPARATE THING THE
24 EDELMAN CONTRACT AS WELL. IS IT -- THE NUMBERS WILL
25 CHANGE WHEN HAVE OUR OWN GENERAL COUNSEL? I'M NOT

1 SAYING -- THEY COULD STAY THE SAME, BUT WE DON'T KNOW
2 THE ANSWER TO THAT YET, DO WE?

3 MR. BARNES: IT'S LIKE I SAID. A LOT OF
4 THESE CONTRACTS ARE SORT OF INTERACTING WITH OUR
5 PERSONNEL. AND A GENERAL COUNSEL SHOULD BE ABLE TO
6 TAKE ON SOME OF THE THINGS THAT WE'VE HAD TO GO REMCHO
7 FOR, BUT THERE ARE A NUMBER OF OTHER THINGS THAT WE'LL
8 STILL CONTINUE TO NEED THEM FOR. THAT'S WHY WE'RE
9 ASKING FOR IT.

10 MR. KLEIN: I WOULD ALSO SAY THAT WE NEED TO
11 REMEMBER THAT IN THE DRAFTING PROCESS FOR THE
12 INITIATIVE, JAMES HARRISON WAS THE LEAD ATTORNEY OF THE
13 FIVE ATTORNEYS THAT I WORKED WITH IN THIS PROCESS. AND
14 THAT AS WE WORK WITH DIFFERENT AGENCIES, AS WE WORK
15 WITH THE LITIGATION, THE INTERPRETATION OF SECTIONS OF
16 THIS INITIATIVE, IT'S VERY IMPORTANT TO BE VERY CAREFUL
17 WITH THE INTERPRETATION AND TO GET IT DOWN CORRECTLY
18 BASED UPON THE ACTUAL HISTORY OF THE DEVELOPMENT OF
19 THIS DOCUMENT AND THE INTENT.

20 RIGHT NOW WE'RE FACED WITH CONSTITUTIONAL
21 LAWSUITS. TWO YEARS FROM NOW WE MAY BE FACED WITH
22 LAWSUITS ON STANDARDS OR OTHER ISSUES, AND IT'S GOING
23 TO BE VERY CAREFUL -- IT'S GOING TO BE VERY IMPORTANT
24 THAT WE CONTINUE TO OPERATE WITH EXPERT INPUT THAT
25 RELATES TO THE LITIGATION FILES AND MAKES CERTAIN THAT

1 THE PUBLIC KNOWS WE'RE STAYING TRUE TO THE INITIATIVE,
2 THAT THE LEGISLATURE KNOWS WE'RE STAYING TRUE TO THE
3 INITIATIVE, AND THAT WE HAVE THAT CONTINUED GUIDANCE.

4 DR. MURPHY: SHERRY, RICH MURPHY.

5 CHAIRPERSON LANSING: LET ME -- RICH, ONE
6 SECOND, PLEASE. ANY THERE OTHER COMMENTS IN L.A.?
7 OKAY. RICH.

8 DR. MURPHY: WALTER, I THINK THAT FROM MY
9 EXPERIENCE, HAVING AN IN-HOUSE COUNSEL IS IMPORTANT
10 BECAUSE IT GIVES YOU SOMEONE TO LOOK OVER THE PROCESS
11 AND TO BE SURE CHARGES ARE APPROPRIATE, ETC. BUT IT
12 HASN'T, AT LEAST IN OUR CASE, REDUCED COST
13 SIGNIFICANTLY. THAT'S JUST A COMMENT.

14 A QUESTION. WILL REMCHO BE OUR LITIGATING
15 COUNSEL AS THESE SUITS GO FORWARD, OR DO YOU EXPECT
16 THAT WE WOULD BE BRINGING IN NEW COUNSEL TO HANDLE THE
17 ACTUAL LITIGATION?

18 MR. BARNES: I'M GOING TO LET JAMES HARRISON
19 ANSWER THAT, IF THAT'S OKAY.

20 MR. HARRISON: RICH, THE ATTORNEY GENERAL
21 REPRESENTS THE CIRM AND THE ICOC IN ALL OF THE
22 LITIGATION. SO WE PLAY A CONSULTING ROLE, BUT THE
23 ATTORNEY GENERAL ACTUALLY REPRESENTS THE INSTITUTE AND
24 THE ICOC IN COURT.

25 DR. MURPHY: THANK YOU, JAMES.

1 MR. KLEIN: IF I COULD AUGMENT THAT, WHILE
2 THAT'S ABSOLUTELY TRUE THAT THE LEAD COUNSEL IS THE
3 ATTORNEY GENERAL, JAMES HARRISON WAS THE LEAD SPECIAL
4 COUNSEL ON PROP 10. CONSTITUTIONAL ARGUMENTS AGAINST
5 THIS ARE VERY SIMILAR TO THOSE IN PROP 10. WHEN THE
6 INITIATIVE WAS DEVELOPED, IT WAS DEVELOPED WITH A
7 CHECKLIST IN MIND OF THE CASE LAW COMING OUT OF PROP
8 10.

9 THE REMCHO FIRM IS A CRITICAL AND INTEGRATED
10 ELEMENT IN SUPPORTING THE ATTORNEY GENERAL IN THIS
11 LITIGATION, AND THEY DEPEND UPON THAT INTERCHANGE OF
12 INFORMATION ON A WEEKLY AND OFTEN A DAILY BASIS.

13 MR. BARNES: IF I COULD ALSO ADD ON, MY
14 EXPERIENCE IN OTHER STATE AGENCIES IS THAT WHILE THE
15 ATTORNEY GENERAL ACTS AS THE LITIGATOR FOR THE STATE,
16 THEY RELY VERY HEAVILY UPON ATTORNEYS IN EACH ONE OF
17 THE STATE AGENCIES THAT HAVE THE SPECIFIC INFORMATION
18 ABOUT THE PROGRAMS AND RESPONSIBILITIES BOTH AT THE
19 SOMETIMES FEDERAL LAW, STATE LAW, WHATEVER, THAT THE
20 ATTORNEY GENERAL NEEDS TO RELY UPON. SO ESSENTIALLY
21 JAMES IS ACTING IN THAT ROLE RIGHT NOW. SO THAT'S JUST
22 FOR INFORMATION.

23 CHAIRPERSON LANSING: ANY OTHER COMMENTS IN
24 SAN DIEGO?

25 MS. NOVA: NO.

1 CHAIRPERSON LANSING: AND THERE'S NO PUBLIC
2 THERE; IS THAT CORRECT?

3 DR. REED: RIGHT.

4 CHAIRPERSON LANSING: ANY COMMENTS IN IRVINE?

5 DR. STEWARD: NO COMMENTS.

6 CHAIRPERSON LANSING: NO PUBLIC?

7 DR. STEWARD: NO PUBLIC.

8 CHAIRPERSON LANSING: I'LL GO BACK TO L.A.
9 ANY COMMENTS FROM THE PUBLIC?

10 MS. FOGEL: COULD I JUST ASK A QUESTION? MY
11 QUESTION IS GIVEN THE ENORMOUS LEGAL FEES THAT ARE
12 BEING RACKED UP, I WANTED TO KNOW HOW DO YOU DECIDE
13 WHICH THINGS THE ATTORNEY GENERAL'S OFFICE DOES AND
14 WHICH THINGS HARRISON'S OFFICE DOES BECAUSE ON THE LIST
15 OF HIS TASKS INCLUDES TRAVEL EXPENSES AND PER DIEMS.
16 I'M WONDERING IF THERE CAN'T BE A MORE EFFICIENT
17 VETTING OF -- EVEN THE INITIATIVE TALKS ABOUT AUTHORITY
18 TO HIRE SPECIAL COUNSEL WHEN THE ATTORNEY GENERAL CAN'T
19 MEET THOSE NEEDS. AND IT DOESN'T SEEM LIKE THAT'S
20 HAPPENING. SO I'M WONDERING IF THERE IS NOT A PROCESS
21 FOR DELEGATING MORE OF THE ROUTINE OPERATIONAL
22 QUESTIONS TO THE ATTORNEY GENERAL'S OFFICE AND ONLY
23 SPENDING THE MONEY ON OUTSIDE COUNSEL FOR THE THINGS
24 THAT THE INITIATIVE SPECIFICALLY SPEAKS TO.

25 CHAIRPERSON LANSING: JAMES, DO YOU WANT TO

1 COMMENT?

2 MR. KLEIN: CAN I COMMENT FIRST?

3 CHAIRPERSON LANSING: SURE.

4 MR. KLEIN: THE ATTORNEY GENERAL'S OFFICE

5 ACTUALLY CHARGES US FOR ALL THEIR --

6 MS. FOGEL: I KNOW, BUT LESS THAN --

7 MR. KLEIN: NO. ACTUALLY THE ATTORNEY

8 GENERAL'S OFFICE HAS THE DELEGATION OF TWO OR THREE

9 ATTORNEYS THAT TRAVEL TOGETHER. AND WE'VE FOUND THAT

10 ON A COMPARATIVE BASIS, THE CHARGES, INCLUDING THEIR

11 TRAVEL AND OTHER EXPENSES, IS ACTUALLY GREATER THAN

12 HAVING THE REMCHO FIRM PRESENT. IF WE LOOK, FOR

13 EXAMPLE, AT THE CHARGES FOR THE ATTORNEY GENERAL'S

14 OFFICE AT ONE OF THE LAST MEETINGS IN L.A. AT USC, YOU

15 WILL SEE THEIR CHARGES IN THE AGGREGATE WERE

16 SUBSTANTIALLY GREATER. AND THE ATTORNEY GENERAL'S

17 OFFICE IS A TREMENDOUS RESOURCE. THEY TEND TO HAVE TWO

18 OR THREE DIFFERENT ATTORNEYS THAT TRY AND WORK AS A

19 TEAM AND BRING THE WHOLE TEAM.

20 WHEN THEY -- WHEN YOU ASK THEM TO ATTEND,

21 THEY ATTEND BASICALLY ON THEIR TERMS. AND IT IS AN

22 IMPORTANT ISSUE TO ALWAYS LOOK FOR ECONOMIES. AND

23 WE'RE TRYING TO BE SENSITIVE TO THAT, BUT WE HAVE

24 ACTUALLY DONE THAT COMPARISON PREVIOUSLY.

25 WOULD YOU SAY THAT'S ACCURATE, WALTER?

1 MR. BARNES: I WOULD AGREE. AND I THINK THAT
2 IN A SENSE YOU ARE GOING TO PAY NO MATTER WHICH WAY YOU
3 GO. AND THE ATTORNEY GENERAL REALLY DOES RELY VERY
4 HEAVILY UPON THE INPUT FROM THE AGENCY'S ATTORNEY IN
5 ORDER TO BE ABLE TO DO THEIR JOB AS WELL. SO WE DO TRY
6 TO WORK WITH JAMES TO MAKE SURE THAT HE KEEPS HIS
7 CLAIMS IN THE RIGHT WAY AND TRAVELS WHEN HE NEEDS TO
8 AND DOESN'T TRAVEL WHEN HE DOESN'T NEED TO. BUT I
9 THINK THAT, IN EFFECT, WE PAY IT NO MATTER WHICH WAY WE
10 GO.

11 CHAIRPERSON LANSING: JAMES, DO YOU HAVE ANY
12 COMMENTS?

13 MR. HARRISON: I DON'T.

14 MR. BARNES: THE ONLY THING FOR A VOTE OR AN
15 ACTION IS, AGAIN, RECOMMEND TO THE ICOC THAT THE
16 PROPOSED EXTENSION TO THIS CONTRACT BE APPROVED UNDER
17 THEIR CURRENT DELEGATION, THEIR CURRENT.

18 CHAIRPERSON LANSING: SO, AGAIN, THIS IS A
19 RECOMMENDATION, A VOTE FOR A RECOMMENDATION TO BRING
20 THIS TO THE FULL ICOC. AMY, DO YOU WANT TO DO A ROLL
21 CALL.

22 MR. KLEIN: YOU ARE MAKING A MOTION. I'LL
23 SECOND YOUR MOTION.

24 CHAIRPERSON LANSING: OKAY.

25 MS. DUROSS: SHERRY.

1 CHAIRPERSON LANSING: YES.

2 MS. DUROSS: DAVID MEYER.

3 DR. MEYER: YES.

4 MS. DUROSS: BOB KLEIN.

5 MR. KLEIN: YES.

6 MS. DUROSS: OS STEWARD.

7 MS. ENGELS: HE STEPPED OUT OF THE ROOM.

8 MS. DUROSS: TINA NOVA.

9 MS. NOVA: YES.

10 MS. DUROSS: JOHN REED.

11 DR. REED: YES.

12 MS. DUROSS: RICHARD MURPHY.

13 DR. MURPHY: YES.

14 MR. KLEIN: WE COULD KEEP THE VOTE OPEN.

15 CHAIRPERSON LANSING: WE CAN ALSO SAY --

16 LET'S SEE. IF OS SHOULD NOT COME BACK, WE CAN SAY,

17 SINCE THIS IS ONLY A RECOMMENDATION, THAT THE SENSE OF

18 THE GOVERNANCE COMMITTEE, WITHOUT A FULL QUORUM, WAS

19 THAT WE BRING THIS BACK TO THE FULL ICOC. WE CAN SEE

20 IF HE COMES BACK.

21 MS. ENGELS: HE'LL BE RIGHT BACK.

22 MR. KLEIN: YOU WOULD BE KEEPING THE VOTE

23 OPEN ON THIS ITEM?

24 CHAIRPERSON LANSING: YES. SO WE CAN SEE IF

25 WE HAVE A QUORUM. BUT IF HE DOESN'T COME BACK OR

1 SHOULD NOT VOTE FOR IT, WE CAN THEN REPORT THAT THIS IS
2 THE SENSE OF THE VOTE BECAUSE THIS IS MERELY A
3 RECOMMENDATION. LET US REMEMBER THIS. THIS IS MERELY
4 A RECOMMENDATION. THERE'S NO ACTION THAT'S BEEN TAKEN.
5 THEN I BELIEVE WE'RE GOING TO TURN IT OVER
6 BACK TO ZACH, WHO'S GOING TO LEAD US THROUGH AN
7 OVERVIEW OF OUR NEXT ITEM, WHICH IS ITEM AGENDA 4,
8 WHICH IS DEALING WITH THE CIRM COMMUNICATIONS TEAM PLAN
9 AND THE BUDGET AS WE'VE BEEN TALKING ABOUT A LITTLE.
10 DR. HALL: WE WANT TO TALK ABOUT THIS IN A
11 LITTLE DETAIL SINCE THE ICOC HAD EXPRESSED INTEREST IN
12 THIS AT THE LAST MEETING.
13 DR. STEWARD: ZACH, I'M SORRY. THIS IS OS.
14 I JUST GOT BACK IN THE ROOM, JUST TO LET YOU KNOW.
15 DR. HALL: SHERRY HAS A QUESTION FOR YOU.
16 CHAIRPERSON LANSING: OS, ARE YOU -- WALTER,
17 DO YOU WANT TO SAY THE THING? ARE YOU IN FAVOR OF
18 RECOMMENDING TO THE ICOC THAT WE EXTEND THE CONTRACT
19 FOR REMCHO FOR FOUR MONTHS?
20 DR. STEWARD: YES.
21 CHAIRPERSON LANSING: WE THEN HAVE A QUORUM,
22 SO WE ARE NOW BRINGING BACK THIS AS A RECOMMENDATION TO
23 THE ICOC. AND IT PASSES AND NOW WE'RE MOVING ON TO
24 ZACH, WHO IS GOING TO CONTINUE.
25 DR. HALL: I JUST WANT TO START WITH A LITTLE

1 BACKGROUND. WE BEGAN WORKING WITH EDELMAN IN APRIL
2 2005, AND I WANTED TO JUST REMIND YOU THAT AT THAT TIME
3 WE WERE ENGAGED IN A PROCESS OF SITE SELECTION, A
4 PROCESS THAT DREW INCREDIBLE PRESS ATTENTION. AT THE
5 SAME TIME THERE WAS ENORMOUS PRESS INTEREST EXPRESSED
6 IN ARTICLES AND EDITORIALS AROUND THE STATE GENERATED
7 BY THE ATTEMPT TO PUT SCA 13 ON THE NOVEMBER BALLOT AS
8 AN INITIATIVE.

9 OUR COMMUNICATIONS, OUR NEED FOR
10 COMMUNICATIONS HELP AT THAT TIME WAS URGENT AND
11 SUBSTANTIAL. AND WE HAD ONLY A SINGLE PERSON WHO WAS A
12 NEW HIRE ON OUR STAFF AT THE TIME WHO WAS INUNDATED
13 WITH MEDIA INQUIRIES.

14 JUST AS AN ASIDE, I WAS SURPRISED TO LEARN
15 THROUGH AN ANALYSIS RECENTLY THERE HAVE BEEN OVER 843
16 INDEPENDENT ARTICLES WRITTEN ABOUT CIRM SINCE JANUARY,
17 AND 75 PERCENT, ALMOST 75 PERCENT OF THOSE, 600, HAVE
18 BEEN WRITTEN SINCE APRIL. SO IT'S JUST TREMENDOUS
19 PRESS INTEREST IN ALMOST ANYTHING WE DO.

20 NOW, WE AT THAT TIME INTERVIEWED SEVERAL
21 FIRMS, AND YOU WILL HEAR ABOUT THIS IN MORE DETAIL FROM
22 WALTER. IT WAS CLEAR TO US THAT EDELMAN WAS ABLE TO
23 OFFER US A VARIETY OF SERVICES, THAT THEY WERE THE MOST
24 FLEXIBLE, AND THE MOST EXPERIENCED OF THE FIRMS THAT WE
25 TALKED TO, AND THEY ALSO HAD A CLEAR COMMITMENT TO OUR

1 MISSION.

2 SINCE THAT TIME, WE'VE WORKED WITH THEM BOTH
3 ON-SITE AND OFF-SITE IN A VARIETY OF CONTEXTS AND WITH
4 A VARIETY OF PERSONNEL ACCORDING TO THE PARTICULAR TASK
5 AT HAND. WE HAVE, IN GENERAL, BEEN VERY PLEASED WITH
6 THE QUALITY OF THE WORK, WHICH HAS BEEN QUITE HIGH.

7 NOW, AS WE MOVE AHEAD, WE ARE BEGINNING TO
8 LAY MORE CAREFUL PLANS FOR OUR COMMUNICATION FUNCTION.
9 WE HAVE COMPOSED A MISSION STATEMENT, WHICH IS
10 AVAILABLE TO YOU UNDER THE ITEM. AND I URGE YOU TO
11 LOOK IT OVER. AND ALSO WE HAVE POSTED A JOB FOR THE
12 CHIEF COMMUNICATIONS OFFICER, AND THAT ALSO IS LISTED
13 UNDER THE ITEM. ITEM 4, IS IT? I DIDN'T BRING ALL MY
14 PAPER WITH ME. AND SO WE WILL BEGIN INTERVIEWING FOR
15 THAT POSITION; AND WHEN WE HIRE A CHIEF COMMUNICATIONS
16 OFFICER, WE WILL WORK WITH THAT PERSON TO DEVELOP A
17 COMPREHENSIVE COMMUNICATIONS PROGRAM FOR THE INSTITUTE.

18 WE EXPECT THAT WE MAY, ACCORDING TO THAT PLAN
19 AND ACCORDING TO THE NEEDS DEVELOPED IN CONNECTION WITH
20 THE PLAN, WE IMAGINE THAT WE WILL CONTINUE TO USE
21 EDELMAN, BUT THAT OUR NEED FOR THEM WILL DIMINISH. WE
22 ALSO EXPECT THAT WE WILL USE THEIR EXPERTISE ON AN
23 AS-NEEDED BASIS FOR SOME TIME UNTIL THE COMMUNICATIONS
24 OFFICE IS FULLY STAFFED.

25 WE HAVE COMPLETED NEGOTIATIONS FOR A CONTRACT

1 WITH THEM, WHICH WALTER WILL PRESENT IN A MOMENT FOR
2 YOUR APPROVAL. IT'S A CONTRACT THAT ALLOWS US TO
3 CONTINUE TO WORK WITH THEM ON A CHANGING NEEDS BASIS.

4 IN THE MEANTIME WE HAVE TRIED TO RESPOND TO
5 THE CONCERNS OF THE ICOC ABOUT COST BY TRYING TO TRIM
6 THE SCOPE OF WORK TO THE ABSOLUTE ESSENTIALS. WE HAVE
7 DEFINED A SET OF PRIORITIES FOR EDELMAN IN THIS INTERIM
8 PERIOD THAT CENTER ON OUR CORE MISSION. WE HAVE ASKED,
9 FOR EXAMPLE, THAT ALL ON-SITE HELP BE DISCONTINUED,
10 WHICH WILL REPRESENT A COST SAVINGS. THEY ALSO HAVE
11 BEEN ACTING AS CONTRACT MANAGER FOR CONSTRUCTION OF OUR
12 WEBSITE, AND WE HAVE NOW MOVED THAT IN-HOUSE. THEY
13 WILL CONTINUE TO DO MEDIA WORK FOR US, AS WELL AS TO
14 WORK WITH US ON PRESS RELEASES AND PRESS ADVISORIES.
15 WE WILL HAVE A WEEKLY MEETING WITH THEM TO REVIEW COSTS
16 AND A MONTHLY MEETING TO EXAMINE BOTH THE PROGRESS OF
17 OUR PROGRAM AND OUR FUTURE NEEDS, AND ALSO, AGAIN, TO
18 LOOK AT THE COST BASIS FOR WHAT WE'RE DOING.

19 SO BEFORE I TURN THIS OVER TO WALTER FOR
20 DISCUSSION OF THE SPECIFIC CONTRACT, I'D BE HAPPY TO
21 ANSWER ANY QUESTIONS THAT YOU MAY HAVE ABOUT OUR
22 COMMUNICATIONS FUNCTION OR ABOUT OUR PLANS FOR THE
23 FUTURE.

24 DR. NOVA: HI, ZACH. THIS IS TINA NOVA IN
25 SAN DIEGO. COULD YOU JUST COMMENT A LITTLE BIT ON WHAT

1 THEY'VE DONE THUS FAR IN THE LAST FEW MONTHS THAT
2 YOU'RE REALLY HAPPY WITH ON PERFORMANCE? I KNOW ABOUT
3 THE DAILY E-MAILS THAT WE GET, WHICH ARE TERRIFIC, BUT
4 I JUST WANT TO UNDERSTAND FROM THE SCOPE OF WORK
5 STANDPOINT WHAT THEY HAVE DONE THUS FAR VERSUS WHAT
6 STILL NEEDS TO BE DONE THAT'S OFF THE LIST.

7 MR. KLEIN: HE'S GETTING SOME NOTES RIGHT
8 NOW, TINA. HE'LL BE RIGHT THERE.

9 DR. NOVA: GREAT.

10 DR. HALL: I'M HAVING TO MOVE BACK AND FORTH
11 BETWEEN THIS AND MY DESK POSITION. THEY HAVE WORKED
12 WITH US FOR, AS I'VE INDICATED, IN ARRANGING MEDIA
13 INTERVIEWS. WE HAVE MANY MORE OF THESE THAN ANY SINGLE
14 PERSON CAN DEAL WITH. THEY'VE PROVIDED BACKGROUND
15 INFORMATION FOR THOSE INTERVIEWS, WHICH HAS OFTEN BEEN
16 TREMENDOUSLY USEFUL. THEY'VE ARRANGED MEETINGS WORKING
17 WITH NICOLE PAGANO, OUR IN-HOUSE PERSON, FOR EDITORIAL
18 BOARD MEETINGS, OF WHICH WE'VE HAD SEVERAL. THEY HAVE
19 WORKED WITH US ON PRESS ADVISORIES, ON PRESS RELEASES.
20 THEY HAVE HELPED US WITH OUR WEBSITE. THEY ALSO HAVE
21 HELPED US WRITE SOME BACKGROUND MATERIAL AS WE HAVE
22 NEEDED THAT TO BE READY.

23 SO WE'VE BEEN QUITE PLEASED WITH THE WORK
24 THEY'VE DONE. WE HAVE A MORNING, EVERY MORNING CALL TO
25 DISCUSS OUR NEEDS. AND WE HAVE WORKED WITH THEM ON

1 OCCASION TO HELP ARRANGE OP ED PIECES THAT MIGHT APPEAR
2 IN THE NEWSPAPER. SO WE FOUND THEM TO BE VERY
3 EFFECTIVE. AS I SAY, THEY HAVE HAD SEVERAL DIFFERENT
4 FUNCTIONS. THEY HAVE DIFFERENT PEOPLE WHO WE WORKED
5 WITH ON DIFFERENT OCCASIONS.

6 DR. NOVA: THAT JUST HELPS ME. I WAS VERY
7 IMPRESSED WITH THEIR BACKGROUND AND THE RESUMES OF THE
8 PEOPLE IN THE FIRM. THAT WAS REALLY HELPFUL.

9 MR. KLEIN: ZACH, THIS IS BOB KLEIN. IN THE
10 600 DIFFERENT NEWS ARTICLES OR COVERAGE FROM JANUARY TO
11 THE PRESENT, HOW MANY OF THOSE ARE PRINT VERSUS
12 BROADCAST OR RADIO, OR WHAT'S THAT DISTRIBUTION? DO WE
13 HAVE THAT BREAKDOWN?

14 DR. HALL: THEY'RE ALL PRINT, AS I UNDERSTAND
15 IT. PRINT ANALYSIS.

16 MR. KLEIN: THAT IS IN ADDITION, FOR EXAMPLE,
17 TO THE RADIO INTERVIEWS ON PUBLIC TELEVISION AND THE
18 OTHER KINDS OF PRESS THAT THEY HAVE WORKED WITH
19 ARRANGING.

20 DR. HALL: IT HAS BEEN ASTONISHING TO ME THE
21 AMOUNT OF MY TIME AND, THEREFORE, OF THE STAFF TIME IN
22 HELP WITH IT THAT IS DEVOTED TO MEDIA WORK JUST BECAUSE
23 OF THE TREMENDOUS INTEREST IN WHAT WE DO. AND WE ARE,
24 AS YOU KNOW, VERY MUCH IN THE SPOTLIGHT OR UNDER THE
25 MICROSCOPE, I GUESS, IS THE OTHER WAY TO LOOK AT IT.

1 AND SO THEY HAVE BEEN QUITE GOOD IN THAT REGARD.

2 I, FOR EXAMPLE, WRITE MY OWN LETTERS TO THE
3 EDITOR, BUT I ALWAYS RUN THEM THROUGH THE -- OUR
4 COMMUNICATIONS OFFICE TO MAKE SURE THERE'S NOTHING I
5 HAVEN'T THOUGHT ABOUT OR TO GET A COMMA EITHER PUT IN
6 OR REMOVED, IMPORTANT ITEMS LIKE THAT. NO, THEY HAVE
7 BEEN VERY HELPFUL, VERY PROFESSIONAL, AND THEY HAVE
8 BEEN VERY ACCESSIBLE.

9 CHAIRPERSON LANSING: ANY OTHER COMMENTS ON
10 ZACH'S PRESENTATION FROM IRVINE?

11 DR. STEWARD: JUST A QUESTION, ZACH. SO I
12 THINK I HEARD YOU SAY THAT IN EFFORT TO REDUCE COST,
13 YOU'RE PLANNING TO ELIMINATE THE ON-SITE OPERATIONS OF
14 EDELMAN. I'M JUST ACTUALLY A LITTLE BIT CONCERNED THAT
15 THAT MIGHT MAKE YOUR LIFE MORE DIFFICULT IN TERMS OF
16 BEING ABLE TO KEEP IN TOUCH WITH ALL THIS. WE WOULDN'T
17 WANT TO BE DOING SOMETHING THAT'S GOING INTERFERE WITH
18 THE FUNCTION JUST TO SAVE A LITTLE BIT OF MONEY.

19 DR. HALL: WE HAVE ELIMINATED THAT ALREADY,
20 AND WE THINK IT'S WORKING SATISFACTORILY. THAT IS, WE
21 DO HAVE A MORNING CALL EVERY MORNING, WHICH WE GO OVER
22 WHATEVER COMMUNICATIONS ISSUES THERE ARE. I NOW
23 PARTICIPATE IN THOSE CALLS. AND I THINK GIVEN THAT, WE
24 ARE IN PRETTY GOOD CONTACT. SO I THINK IT REPRESENTS A
25 DEFINITE COST SAVINGS FOR US. IT'S OBVIOUSLY

1 CONVENIENT TO HAVE SOMEBODY IN THE NEXT DESK, YOU CAN
2 WALK OVER AND SAY CAN YOU HELP ME OUT HERE, BUT NICOLE
3 HAS BEEN OUR POINT PERSON. AND WE HAVE THEM AVAILABLE
4 ANY TIME WE NEED THEM. THAT IS, WE'RE ABLE TO GET THEM
5 ON THE PHONE, AND THEY'VE BEEN VERY RESPONSIVE. SO I
6 THINK IT'S WORKING OUT WELL, AND IT WILL REPRESENT A
7 COST SAVINGS FOR US.

8 MR. KLEIN: IS IT APPROPRIATE, ZACH, TO SAY
9 THAT THE STRATEGY IS WORKABLE IN THAT YOUR INTENT IS,
10 WITH THE POSTING OF THE COMMUNICATIONS DIRECTOR AND NOW
11 THAT WE HAVE THE MONEY TO ACTUALLY HAVE A
12 COMMUNICATIONS DIRECTOR TO WORK WITH NICOLE, TO BE ABLE
13 TO GET THAT COMMUNICATIONS DIRECTOR ON RELATIVELY SOON?

14 DR. HALL: WE HOPE TO BE ABLE TO DO THAT,
15 YES. I HOPE WE CAN DO THAT WITHIN THE NEXT MONTH TO
16 SIX WEEKS.

17 CHAIRPERSON LANSING: THAT WILL REDUCE THE
18 COST, OR WILL THE COST STAY THE SAME?

19 DR. HALL: WE'LL BRING IT IN-HOUSE. I THINK
20 WHAT THE USEFULNESS THEN IS WE'LL HAVE A FULL-TIME
21 PERSON WHO WILL THEN DEVELOP WITH US A COMPREHENSIVE
22 PROGRAM. WE WILL CONTINUE, I'M SURE, TO CONSULT WITH
23 EDELMAN. PARTICULARLY BRINGING IN ONE PERSON IS NOT
24 GOING TO SOLVE THIS.

25 THERE WAS A VERY INTERESTING REPORT ON THE

1 COMMENT ON THE STEM CELL BLOG, FOR THOSE WHO MIGHT NOT
2 HAVE SEEN IT, BY SOMEBODY WHO CALCULATED THAT IF WE GOT
3 IN SEVERAL PEOPLE, WHICH WOULD BE NEEDED TO STAFF THE
4 KIND OF COMMUNICATIONS OFFICE WE NEED, THAT THE COST
5 WOULD BE ROUGHLY THE SAME AS WHAT WE'RE USING NOW. SO
6 I DON'T THINK IT'S UNREASONABLE GIVEN THE BARRAGE OF
7 INTEREST. WE HAVE PHOTOGRAPHERS AND PEOPLE FROM
8 JOURNALS OVERSEAS ALMOST WEEKLY COMING BY TO MEET WITH
9 US. AND EVEN JUST TO ARRANGE AND TALK TO ALL THESE
10 PEOPLE TAKES A TREMENDOUS AMOUNT OF TIME.

11 CHAIRPERSON LANSING: I THINK IT'S SAFE TO
12 SAY THAT WE ALL KNOW THAT EVERYBODY IS WATCHING US, AND
13 WE HAVE AN OBLIGATION TO HAVE EDUCATIONAL OUTREACH, SO
14 TO SPEAK. WE NEED TO MAKE PEOPLE UNDERSTAND WHAT WE'RE
15 DOING AND THEN EVENTUALLY TO UNDERSTAND THE SCIENCE AS
16 WELL. SO I MEAN THIS IS A HUGE, HUGE JOB.

17 DR. STEWARD: THIS IS OS AT IRVINE. I
18 ACTUALLY JUST WANT TO AMPLIFY THAT, SHERRY, IF I COULD.
19 I REMEMBER SEVERAL DISCUSSIONS THAT WE'VE HAD AT THE
20 FULL ICOC MEETING ABOUT JUST THAT, THE NEED FOR
21 EDUCATIONAL OUTREACH. WHAT I WOULD ACTUALLY HOPE TO
22 SEE IS THAT WITH THE ESTABLISHMENT OF A COMMUNICATIONS
23 OFFICER, WE WOULD BEGIN TO BE A LITTLE BIT MORE, LET'S
24 CALL IT, ACTIVE INSTEAD OF REACTIVE AND REALLY START TO
25 GET SOME OF THESE PROGRAMS IN PLACE.

1 HAVING SAID THAT, I THINK THAT WE NEED TO BE
2 AWARE THAT DOING NEW THINGS MEANS THAT WE DON'T
3 NECESSARILY SAVE ANY MONEY. WE JUST, IN FACT, MAY BE
4 SPENDING MORE, BUT ACCOMPLISHING MORE AT THE SAME TIME.

5 DR. HALL: OUR MISSION -- I THINK OUR MISSION
6 WILL CHANGE. I HOPE SO. MY DESIRE AND AMBITION AND
7 FERVENT HOPE FOR THE INSTITUTE IS THAT THE NEXT SIX
8 MONTHS WILL SEE US MOVING FROM ADMINISTRATION INTO
9 SCIENCE, AND THAT THE FOCUS WILL NOT BE ON ALL OF OUR
10 DETAILED PROCEDURES. WE ARE ALREADY HAVING WORKING
11 GROUP MEETINGS. AND I THINK AS OUR PROCEDURES PROVE
12 EFFECTIVE IN PRACTICE, THAT THE EMPHASIS, I HOPE, WILL
13 SHIFT, THEN, NOT FROM THE MECHANICS OF HOW WE DO THINGS
14 TO THE ACTUAL RESULTS AND THE EXCITEMENT AS STEM CELL
15 RESEARCH BEGINS TO TAKE HOLD.

16 AND I FIRMLY BELIEVE THAT WE DO HAVE, AS PART
17 OF THIS OFFICE, I WOULD LIKE TO HAVE A SCIENCE WRITER,
18 FOR EXAMPLE, IN THE OFFICE AND THAT WE HAVE SOME
19 RESPONSIBILITY TO INTERPRET THE RESULTS OF THE RESEARCH
20 THAT WILL GO ON AT THE CIRM FOR THE PUBLIC, TO THE
21 PATIENT ADVOCACY COMMUNITY, AND I SEE THAT AS A VERY
22 IMPORTANT FUNCTION.

23 CHAIRPERSON LANSING: I WISH MOZART WOULD
24 COME ON RIGHT NOW BECAUSE TO ME I WOULD LIKE TO APPLAUD
25 THAT STATEMENT BECAUSE THAT REALLY IS WHAT WE HOPE TO

1 ACHIEVE. DO YOU KNOW? AND THAT REALLY IS WHAT OUR
2 COMMUNICATIONS SHOULD BE ABOUT IS EDUCATIONAL OUTREACH
3 AND THE SCIENCE.

4 DR. HALL: THIS IS BASED ON TREMENDOUS
5 SUPPORT BY THE CALIFORNIA PUBLIC, AND I THINK THAT ONE
6 OF THE THINGS WE OWE THE PUBLIC ARE NOT ONLY IN THE END
7 THERAPIES AND ECONOMIC BENEFIT, BUT ALSO INFORMATION.
8 AND I THINK THAT'S A MAJOR JOB FOR US. SO LET ME LEAVE
9 IT AT THAT AND ASK WALTER TO COME AND DESCRIBE THE
10 CONTRACT.

11 DR. MURPHY: SHERRY, MAY I MAKE A COMMENT
12 BEFORE?

13 CHAIRPERSON LANSING: SURE.

14 DR. MURPHY: RICH MURPHY. I THINK THAT AS WE
15 LOOK FORWARD, ONCE WE HAVE AN IN-HOUSE PR DIRECTOR, HE
16 OR SHE, I THINK, REALISTICALLY AND UNDERSTANDABLY WILL
17 WANT TO HAVE PEOPLE AROUND THEM TO DO SOME OF THE
18 THINGS THAT ZACH JUST TALKED ABOUT.

19 DR. HALL: EXCUSE ME, RICH. WE WILL NOT HAVE
20 A PR DIRECTOR. WE'LL HAVE A COMMUNICATIONS OFFICER.

21 DR. MURPHY: OKAY. BUT I THINK THAT THAT
22 COMMUNICATIONS OFFICER IS STILL GOING TO WANT TO HAVE
23 PEOPLE THAT ARE CAPABLE OF DOING THE THINGS YOU SAID,
24 ZACH. AND AS THE IN-HOUSE CAPABILITY BUILDS, I THINK
25 THERE WILL BE LESS OF A DEPENDENCE ON THE OUTSIDE

1 PEOPLE. SO I GUESS MY ADVICE WOULD BE, AS WE GO
2 THROUGH THAT TRANSITION, WE KEEP A CONSTANT LOOK AT
3 BUDGET AND WHAT THE INSIDE PEOPLE WILL DO AND WHAT THE
4 OUTSIDE PEOPLE WILL DO. I GUESS MY HOPE WOULD BE AS WE
5 BUILD INTERNAL CAPABILITY, OUR RELIANCE ON EXTERNAL
6 SOURCES WOULD DIMINISH.

7 DR. HALL: I THINK THAT'S TRUE OVER TIME. IT
8 WILL TAKE US TIME, I THINK, TO BUILD UP THE OFFICE.

9 AND THE OTHER THING I WANT TO SAY IS THAT WE
10 WILL THEN HAVE A BUDGET FOR THAT OFFICE, WHICH WE WILL
11 BRING TO THIS COMMITTEE AND DISCUSS WITH IT. SO YOU
12 WILL HAVE AN OPPORTUNITY TO REVIEW THE ONGOING COSTS
13 ASSOCIATED WITH COMMUNICATIONS AS WE GO FORWARD.

14 DR. REED: I HAVE TO SIGN OFF NOW. YOU HAVE
15 MY SUPPORT FOR THIS CONTRACT, IF I CAN GO ON RECORD AND
16 CAST MY VOTE NOW, IF THAT'S POSSIBLE.

17 MR. KLEIN: WE WOULD NEED TO MAKE A MOTION.

18 CHAIRPERSON LANSING: CAN WE MAKE A MOTION
19 THAT WE ACCEPT JOHN REED'S VOTE BEFORE THE FORMAL ROLL
20 CALL?

21 MR. KLEIN: YOU WANT TO MAKE A MOTION TO
22 APPROVE THE RECOMMENDATION, AND THEN SOMEONE WILL
23 SECOND THAT MOTION.

24 DR. REED: I MOVE THAT WE APPROVE THE
25 RECOMMENDATION TO TAKE THIS CONTRACT TO THE -- WE HAVE

1 TO TAKE THIS TO THE FULL ICOC, CORRECT?

2 CHAIRPERSON LANSING: YES.

3 DR. REED: OKAY. I MOVE THAT WE RECOMMEND

4 THAT THIS BE TAKEN TO THE FULL ICOC.

5 MR. KLEIN: I SECOND THAT.

6 CHAIRPERSON LANSING: NOW --

7 MR. KLEIN: YOU WANT TO OPEN --

8 CHAIRPERSON LANSING: I WANT TO OPEN THE

9 VOTE, AND I WANT TO ASK JOHN REED FOR HIS VOTE, AND

10 THEN I'M GOING TO HOLD THE OTHER VOTES UNTIL WE HEAR

11 WALTER BARNES' FULL PRESENTATION.

12 SO, JOHN, DO YOU VOTE YES OR NO ON THIS?

13 DR. REED: YES.

14 CHAIRPERSON LANSING: THANK YOU, JOHN, FOR

15 YOUR TIME. AND NOW WALTER WILL GIVE US A PRESENTATION.

16 MR. BARNES: THIS IS AGENDA ITEM 4 ENTITLED

17 "EDELMAN CONTRACT." I PROVIDE YOU WITH SOME BACKGROUND

18 INFORMATION WITH REGARD TO OUR EFFORTS TO MEET OUR

19 COMMUNICATIONS RESPONSIBILITIES. CHAIRPERSON KLEIN

20 BASICALLY DIRECTED THE EXECUTION OF A CONTRACT WITH

21 REDGATE COMMUNICATIONS TO INITIALLY PROVIDE

22 COMMUNICATIONS-RELATED SERVICES, BUT WE FELT THERE WAS

23 A NEED TO FIND A MORE COMPLETE SOLUTION. AND SO THERE

24 WAS AN INTENT TO MOVE AHEAD TO INTERVIEW SOME

25 ADDITIONAL AGENCIES TO SEE WHETHER OR NOT THE SERVICES

1 COULD BE PROVIDED ON A LONGER TERM BASIS AT A BETTER
2 LEVEL.

3 I MENTIONED THAT DURING MARCH THERE WERE
4 THREE COMPANIES THAT WERE INTERVIEWED TO ASSESS THEIR
5 CAPABILITIES FOR ASSUMING THE WORK THAT REDGATE WAS
6 PERFORMING. THAT INCLUDED WEBER SANDWICK WORLDWIDE,
7 EDELMAN, AND BURSON-MARSTELLER.

8 I ACTUALLY BROUGHT WITH ME A COPY OF THE
9 EDELMAN PRESENTATION AND BURSON-MARSTELLER. I DIDN'T
10 HAVE ENOUGH TIME TO MAKE COPIES FOR THE SATELLITE
11 MEETING LOCATIONS HERE, BUT I THINK BOTH OF THEM
12 INDICATE VERY HIGH QUALITY OF SERVICE THAT COULD BE
13 PROVIDED BY THESE THREE AGENCIES.

14 THERE WAS A GENERAL AGREEMENT BY THE PEOPLE
15 THAT INTERVIEWED THESE THREE AGENCIES THAT EDELMAN WAS
16 THE BEST QUALIFIED FOR THE JOB BECAUSE OF THEIR
17 DEMONSTRATED INTEREST AND FAMILIARITY WITH PROPOSITION
18 71.

19 THEY HAVE EXTENSIVE EXPERIENCE IN HEALTH
20 MATTERS FROM A COMMUNICATIONS STANDPOINT, AND THEY HAVE
21 THE COMMITMENT OF THE LEADING MEMBERS OF THE FIRM TO
22 SUPPORT THE INSTITUTE AND ITS GOALS AND OPERATIONS.

23 WE HAD ACTUALLY PLANNED TO EXTEND REDGATE
24 CONTRACT TO PROVIDE SOME TRANSITION, BUT REDGATE
25 DECIDED TO TERMINATE THEIR CONTRACT ON THE 1ST OF

1 APRIL. AND WE IMMEDIATELY NEEDED TO HAVE EDELMAN'S
2 SERVICES, AND THEY AGREED TO BEGIN IMMEDIATELY GIVEN
3 THAT THERE WERE SEVERAL ISSUES THAT REQUIRED
4 COMMUNICATIONS EXPERTISE, AND THAT INCLUDED THE
5 HEADQUARTERS SEARCH, THE VARIOUS LITIGATION MATTERS,
6 AND THE LEGISLATIVE ACTIONS AT THE STATE AND FEDERAL
7 LEVEL THAT COULD AFFECT THE CIRM'S MISSION.

8 WE HAVE THE CONTRACT THAT'S READY FOR
9 EXECUTION. YOU HAVE A COPY OF IT. HAS THE CONTRACT
10 AND FOUR ATTACHMENTS TO IT. THE FIRST ATTACHMENT,
11 ATTACHMENT A, PROVIDES THE SCOPE OF WORK THAT HAS BEEN
12 NEGOTIATED. B IS THE LISTING OF FEES. WE GAVE YOU THE
13 TEAM BIOGRAPHIES THAT, I BELIEVE, TINA NOVA COMMENTED
14 ON, AND THERE'S ALSO A KIND OF A LISTING OF SOME OF THE
15 TYPES OF EXPENSES THAT ARE INVOLVED WITH THE NON-FEE
16 PORTION OF THIS CONTRACT.

17 THE TOTAL COST IS BUDGETED AT \$378,000 FOR A
18 12-MONTH PERIOD BEGINNING IN APRIL OF 2005. THIS IS
19 BASED ON TWO SEPARATE CALCULATIONS. ONE HAS TO DO WITH
20 PROFESSIONAL FEES AND WHAT THEY CALL INTERNAL EXPENSES.
21 THE ACTUAL COST OF FEES, PLUS 3 PERCENT OF INTERNAL
22 EXPENSES, BASICALLY IS WHAT WILL BE BILLED UNDER THIS
23 ONE. AND THE TOTAL MONTHLY COST UNDER THIS CONTRACT
24 FOR THESE PARTICULAR COSTS WILL NOT EXCEED 27,500,
25 WHICH COMES TO A MAXIMUM OF 33,000 -- 333,000 FOR THE

1 12 MONTHS OF THE CONTRACT.

2 I MENTIONED THAT THE FEES ARE LESS DISCOUNTS.
3 THERE'S A 10-PERCENT DISCOUNT FROM THE FEES, WHICH IS
4 MENTIONED IN ATTACHMENT B. IN ADDITION, EDELMAN HAS
5 AGREED TO CONTRIBUTE PRO BONO HOURS TO THIS EFFORT THAT
6 THEY WILL NOT BILL US FOR. I SHOULD SAY THAT INITIAL
7 DISCUSSIONS, THE MONTHLY ESTIMATES WERE AS HIGH AS
8 \$65,000 PER MONTH. AND I FEEL THAT THIS IS AN
9 INDICATION OF THE FACT THAT WE HAVE NEGOTIATED A VERY
10 ECONOMICAL ARRANGEMENT WITH AN AGENCY THAT, AS ZACH HAS
11 POINTED OUT, HAS DELIVERED HIGHLY COMPETENT SERVICES TO
12 US.

13 THE SECOND PART OF THE COSTS ARE WHAT'S
14 CALLED OUT-OF-POCKET AND TRAVEL COSTS. UNDER THE
15 CONTRACT THEY WOULD GET REIMBURSED FOR THE ACTUAL COST
16 OF THESE TYPES OF THINGS. TRAVEL AND A NUMBER OF
17 THINGS LIKE THAT ARE LISTED ON ATTACHMENT D. TOTAL
18 ESTIMATE FOR THESE COSTS, WHICH IS BASED ON THE MONTHLY
19 AVERAGE DURING THE FIRST THREE MONTHS, IS \$4,000 PER
20 MONTH. SO THE TOTAL ESTIMATE IS 48,000, WHICH TOGETHER
21 WITH FEES ADDS UP TO YOUR 378,000.

22 NOW, I WANT TO EMPHASIZE THAT WHILE THE TOTAL
23 COSTS WILL NOT EXCEED 378,000, THERE'S EVERY REASON TO
24 BELIEVE THAT THE ACTUAL COSTS ASSOCIATED WITH THIS
25 CONTRACT WILL BE LESS. FOR INSTANCE, AS ZACH

1 MENTIONED, ORIGINALLY WE WERE USING -- WE WERE ASKING
2 THEM TO COME UP AND SPEND TIME IN OUR OFFICE, WHICH
3 BASICALLY INCURRED TRAVEL EXPENSES, WHICH IS WHY THE
4 \$4,000 FIGURE IS THERE. GIVEN THE FACT THAT WE'RE NOW
5 DOING A LOT OF STUFF THROUGH THE TELEPHONE, WE EXPECT
6 THAT THOSE COSTS SHOULD BEGIN TO GO DOWN, PLUS WHICH,
7 AS WE'VE TALKED ABOUT BEFORE, AS ZACH HAS TALKED ABOUT,
8 WHEN THE CHIEF COMMUNICATIONS OFFICER IS HIRED, IT WILL
9 BE HIS OR HER RESPONSIBILITY TO DECIDE ON AN ONGOING
10 BASIS HOW MUCH OF THIS RESOURCE SHOULD BE USED ON AN
11 ONGOING BASIS.

12 SO BASICALLY WE THINK THIS IS A VERY
13 ECONOMICAL CONTRACT GIVEN THE SERVICES AND PERFORMANCE,
14 AND OUR RECOMMENDATION IS THE GOVERNANCE COMMITTEE
15 RECOMMEND TO THE ICOC THAT THEY APPROVE THE EXECUTION
16 OF THIS CONTRACT.

17 CHAIRPERSON LANSING: WALTER, I HAVE A
18 QUESTION. JUST SO I UNDERSTAND IT. FIRST OF ALL, I
19 WANT TO THANK THE EDELMAN GROUP VERY MUCH FOR DOING A
20 TERRIFIC JOB. AND I ALSO WANT TO SAY THAT I AM VERY
21 DELIGHTED THAT SOME OF THE WORK IS PRO BONO AND VERY
22 DELIGHTED TO SEE THE REDUCTION IN THEIR FEE STRUCTURE
23 FOR A, QUOTE, NORMAL CLIENT, YOU KNOW, SO I APPRECIATE
24 THAT.

25 AND SO, AGAIN, IN THE SPIRIT OF TRYING TO BE

1 FISCALLY RESPONSIBLE, IT CAN NEVER BE MORE THAN THAT IS
2 WHAT WE'RE SAYING. THIS IS, QUOTE, I DON'T MEAN THE
3 WORST CASE, BUT THIS IS THE MOST THAT IT COULD BE.

4 MR. BARNES: THAT IS ABSOLUTELY CORRECT. AS
5 ZACH MENTIONED, WE ARE WORKING TOGETHER THROUGH THE
6 DAILY MEETINGS AND A WEEKLY AND MONTHLY MEETING TO MAKE
7 SURE THAT IT NEVER GOES OVER THAT AMOUNT.

8 CHAIRPERSON LANSING: IT CAN'T.

9 MR. BARNES: IT CAN'T.

10 CHAIRPERSON LANSING: THAT IS OUR
11 UNDERSTANDING, THAT IT WAS EQUIVALENT TO A PRO BONO
12 SITUATION, WHICH I APPRECIATE AND AM VERY GRATEFUL FOR.

13 DR. HALL: WE TRACK IT THROUGH THE MONTH
14 THROUGH OUR WEEKLY MEETING TO BE SURE THAT WE'RE NOT --
15 THAT WE DON'T COME UP AND SAY, WHOOPS, WE GOT THREE
16 WEEKS LEFT IN THE MONTH, AND GUESS WHAT? WE'VE ALREADY
17 SPENT THAT.

18 CHAIRPERSON LANSING: AND AS WE START TO HIRE
19 PEOPLE AND DO MORE IN-HOUSE, AND I HOPE THE EDELMAN
20 GROUP WILL CONTINUE WITH US IN A PRO BONO FASHION
21 BECAUSE I SO RESPECT WHAT THEY'RE DOING, WE MAY START
22 TO REDUCE IT BECAUSE WE BRING MORE OF IT IN-HOUSE.

23 MY FINAL QUESTION IS THE TRAVEL EXPENSES. I
24 WOULD LIKE, I HOPE, ANYWAY, THAT THEY'RE FOLLOWING THE
25 STATE REQUIREMENTS FOR TRAVEL EXPENSES AS THE REST US

1 ARE; IS THAT CORRECT?

2 MR. BARNES: THAT'S CORRECT.

3 CHAIRPERSON LANSING: GOOD. THOSE ARE MY
4 QUESTIONS. I'D LIKE TO OPEN IT UP TO QUESTIONS FROM
5 THE COMMITTEE IN LOS ANGELES. FROM THE COMMITTEE IN
6 IRVINE?

7 DR. STEWARD: NO QUESTIONS.

8 CHAIRPERSON LANSING: SAN DIEGO?

9 DR. MURPHY: JUST ONE POINT. I THINK ONE OF
10 THE RESPONSIBILITIES OF THE COMMUNICATIONS DIRECTOR
11 SHOULD BE, AS WE MOVE FORWARD, TO KEEP ACCOUNT OF THE
12 COMMITMENT OF EDELMAN AND HOW MANY HOURS THEY'RE
13 PUTTING IN, ETC., BECAUSE THAT PERSON IS GOING TO BE
14 CLOSEST TO THE ACTION. AND I THINK THAT THAT WOULD NOT
15 BE AN INAPPROPRIATE FUNCTION OF THAT OFFICE TO PERFORM
16 ON BEHALF OF THE PRESIDENT AND THE ICOC.

17 MR. BARNES: ACTUALLY WE'RE WORKING WITH
18 EDELMAN RIGHT NOW ON THEIR BILLING PROCESS. KEEP IN
19 MIND WE HAVEN'T PAID THEM ANYTHING BECAUSE THE CONTRACT
20 ISN'T EXECUTED, AND WE'RE GOING TO HAVE THEM DEVELOP A
21 BILLING THAT TELLS US THE EXACT NUMBER OF HOURS THAT
22 ARE PROVIDED, LESS THE PRO BONOS, LESS THE 10-PERCENT
23 DISCOUNT SO THAT WE GET DOWN TO THE AMOUNT THAT'S THERE
24 SO THAT WE'LL GET A FULL ACCOUNTING OF ALL OF THE
25 SERVICES THAT WE RECEIVE, WHETHER PAID FOR OR NOT.

1 DR. HALL: I'M TOLD, WALTER, THAT THE CHIEF
2 COMMUNICATIONS OFFICER WOULD BE THE CONTRACT MANAGER
3 FOR THAT CONTRACT ONCE THAT WAS IN PLACE.

4 MR. BARNES: THAT'S CORRECT.

5 DR. HALL: I THINK THAT'S WHAT'S BEING
6 SUGGESTED. THEY WOULD BE THE ONE THAT WOULD BE
7 RESPONSIBLE FOR IT.

8 CHAIRPERSON LANSING: ANY COMMENTS FROM THE
9 PUBLIC IN LOS ANGELES? IRVINE?

10 DR. STEWARD: NO PUBLIC.

11 CHAIRPERSON LANSING: SAN DIEGO?

12 DR. MURPHY: NO.

13 CHAIRPERSON LANSING: ALWAYS LIVE AND HOPE
14 THAT SOMEONE WILL HAVE SHOWN UP IN THESE PLACES.

15 AGAIN, I'M VERY IMPRESSED WITH THE SPIRIT
16 WHICH EDELMAN HAS ENTERED INTO THIS CONTRACT. AND
17 SOMETIMES THESE NUMBERS ON THE RAW THING CAN LOOK BIG,
18 BUT, IN FACT, THEY'VE DONE A TREMENDOUS AMOUNT OF PRO
19 BONO WORK. AND, IN FACT, THEIR FEES ARE MUCH HIGHER
20 AND THEY HAVE REDUCED THEM. I'M ALSO VERY IMPRESSED
21 WITH THE SPIRIT WITH WHICH WE'RE MOVING TO FIND OUR OWN
22 PERSON AND TO MONITOR THE COSTS AND BRING THEM DOWN.

23 AND THEN I JUST ADD, BEFORE I CALL FOR THE
24 ROLL, FOR MY PERSONAL COMMENT, HOW VITAL AND IMPORTANT
25 IT IS, AND I'M ECHOING WHAT ZACH'S COMMENTS ARE, THAT

1 WE MOVE FORWARD AND GET THE PUBLIC AS MUCH INFORMATION
2 AS WE CAN, YOU KNOW, AND KEEP THEM APPRISED OF
3 EVERYTHING WE'RE DOING. MY HOPE IS THAT IT MOVES OUT
4 OF THE ADMINISTRATION AND MOVES OUT OF OUR DEFENSIVE
5 POSITION AND MOVES INTO THE RESULTS OF THE SCIENCE.

6 ANY OTHER COMMENTS HERE? THEN WE'RE GOING TO
7 MOVE THE EXTENSION OF THE CONTRACT, THAT THIS BE -- WE
8 RECOMMEND THAT THIS BE BROUGHT TO THE FULL ICOC, THE
9 EXECUTION.

10 I'M REOPENING THE VOTE. THIS IS FROM BOB
11 KLEIN. THANK YOU VERY MUCH. I'M REOPENING THE VOTE.
12 CAN I HAVE THE ROLL CALL FOR THE REOPENED VOTE.

13 MS. DUROSS: SHERRY LANSING.

14 CHAIRPERSON LANSING: YES.

15 MS. DUROSS: DAVID MEYER.

16 DR. MEYER: YES.

17 MS. DUROSS: BOB KLEIN.

18 MR. KLEIN: YES.

19 MS. DUROSS: OS STEWARD.

20 DR. STEWARD: YES.

21 MS. DUROSS: TINA NOVA.

22 MS. NOVA: YES.

23 MS. DUROSS: RICH MURPHY.

24 DR. MURPHY: YES.

25 MS. DUROSS: JOHN REED SAYS YES. MOTION

1 PASSES UNANIMOUSLY.

2 CHAIRPERSON LANSING: MOTION PASSES. THE
3 RECOMMENDATION PASSES UNANIMOUSLY TO BRING BACK TO THE
4 FULL ICOC BOARD.

5 NOW WE'RE GOING TO HAVE WALTER CONTINUE TO
6 LEAD US THROUGH AGENDA ITEM 6, WHICH INVOLVES AN
7 OVERVIEW OF THE THIRD-PARTY PERSONNEL SALARY SURVEY
8 WHICH WAS UNDERTAKEN IN ORDER TO BENCHMARK OUR SALARIES
9 WITH OTHER INSTITUTIONS REPRESENTED ON OUR BOARD,
10 INCLUDING THE UNIVERSITY OF CALIFORNIA.

11 I THINK, AS ALL OF YOU KNOW, PROPOSITION 71
12 SPECIFICALLY STATES THAT THE ICOC SHALL SET
13 COMPENSATION FOR THE CHAIRPERSON, VICE CHAIRPERSON, AND
14 PRESIDENT, AND OTHER OFFICERS, AND FOR THE SCIENTIFIC,
15 MEDICAL, TECHNICAL, AND ADMINISTRATIVE STAFF OF THE
16 INSTITUTE WITHIN THE RANGE OF COMPENSATION LEVELS FOR
17 EXECUTIVE OFFICERS AND SCIENTIFIC, MEDICAL, TECHNICAL,
18 AND ADMINISTRATIVE STAFF OF MEDICAL SCHOOLS WITHIN THE
19 UNIVERSITY OF CALIFORNIA SYSTEM AND THE NONPROFIT
20 ACADEMIC AND RESEARCH INSTITUTIONS DESCRIBED IN SECTION
21 125281.03(A), AND THAT'S FROM PROPOSITION 71. SO WE
22 HAVE A BENCHMARK.

23 AND, WALTER, I'M GOING TO TURN IT OVER TO YOU
24 TO CONTINUE.

25 MR. BARNES: WHAT I'M GOING TO SUGGEST IS

1 THAT I'M NOT GOING TO SPEND A LOT OF TIME ON THIS
2 PARTICULAR ITEM; AND TO BE HONEST, THE SUM TOTAL OF
3 WHAT WE CAN SAY HERE, THE BOTTOM LINE IS THAT WE'RE IN
4 PROGRESS. WE'RE IN PROCESS OF COMPLETING OUR SURVEY
5 WITH REGARD TO THE INSTITUTIONS THAT ARE ALLOWED --
6 THAT ARE BENCHMARKED FOR COMPENSATION UNDER PROPOSITION
7 71.

8 WE HAVE HIRED, THROUGH A SIX-MONTH AGREEMENT
9 WITH THE UNIVERSITY OF CALIFORNIA SAN FRANCISCO, THE
10 SERVICES OF ALEXANDRA CAMPE DEGG. SHE HAS AN EXTENSIVE
11 BACKGROUND IN HUMAN SERVICES WORK WITH UCSF AND HAS
12 BEEN ACTING AS OUR HUMAN RESOURCES OFFICER.

13 I'VE GIVEN YOU AN OUTLINE OF THE TYPE OF OPEN
14 RANGE SALARY PROGRAM THAT SHE FEELS IS APPROPRIATE FOR
15 THE INSTITUTE. I'VE GIVEN YOU SOME INFORMATION ABOUT
16 THE SALARY SURVEY THAT IS BEING CONDUCTED BY DEE
17 DIPIETRO. AND OUR EXPECTATIONS ARE THAT THE
18 INFORMATION THAT WE'VE ASKED FOR FROM THE UC MEDICAL
19 CENTERS AND THE ADDITIONAL PRIVATE RESEARCH INSTITUTES
20 THAT WE NEED WILL BE COMING IN, SOME WILL ACTUALLY BE
21 COMING IN TODAY, AND THE REST WILL BE EARLY THIS NEXT
22 WEEK.

23 ESSENTIALLY WE'VE ALSO GIVEN YOU AN EXAMPLE
24 IN EXHIBIT C THAT INDICATES HOW AN OPEN RANGE SALARY
25 PROGRAM CAN WORK AND HOW THIS DATA COULD BE USED TO

1 MIGRATE THE POSITIONS THAT CIRM IS IN THE PROCESS OF
2 ESTABLISHING INTO THAT PROCESS. OUR INTENT IS TO --
3 WE'LL GET THE REMAINING DATA AND BASICALLY BE ABLE TO
4 COME TO CIRM AT THE NEXT MEETING AND ACTUALLY PRESENT
5 THE FULL RESULTS AND A RECOMMENDATION AT THAT TIME.

6 SO GIVEN THE INTEREST OF TIME AND EFFORT
7 HERE, UNLESS THERE'S SOMEBODY WHO HAS A SPECIFIC
8 QUESTION, I WAS GOING TO SUGGEST THAT WE MOVE THIS ONE
9 ALONG.

10 MR. KLEIN: I WOULD JUST CALL TO EVERYONE'S
11 ATTENTION THE SALARY SURVEY IS NOT BEING DONE ON THE
12 CHAIR OR VICE CHAIR. BOTH ED PENHOET AND I HAVE MADE
13 IT, I THINK, CLEAR AND CONFERRED WITH COUNSEL. COUNSEL
14 INDICATES WE CAN ELECT NOT TO BE EMPLOYEES. THE
15 FUNDING THAT'S AVAILABLE TO THE INSTITUTION IS CRITICAL
16 FOR THE POSITIONS THAT WE HAVE TO PUT IN PLACE. THERE
17 ARE NOT FUNDS AVAILABLE FOR THIS PURPOSE. AND
18 CERTAINLY IN GREAT RESPECT FOR THE DOLBY'S CONTRIBUTION
19 IN HELPING ADVANCE THE MISSION OF THE INSTITUTE,
20 NEITHER ED PENHOET OR I IS GOING TO BE PART OF ANY
21 SALARY SURVEY BECAUSE WE ARE NOT GOING TO BE TREATED AS
22 EMPLOYEES. WE'RE NOT SEEKING ANY COMPENSATION. AND SO
23 YOU WON'T SEE A SURVEY ON THAT AND THAT IS WHY.

24 CHAIRPERSON LANSING: THANK YOU. ANY OTHER
25 COMMENTS IN L.A.? PUBLIC COMMENTS? IRVINE?

1 DR. STEWARD: NO PUBLIC.

2 CHAIRPERSON LANSING: SAN DIEGO?

3 DR. NOVA: NO.

4 CHAIRPERSON LANSING: AGAIN, JUST WANT TO

5 STRESS THAT THIS IS OUR FIRST MEETING. THIS IS A WORK

6 IN PROGRESS. THIS WILL BE FULLY REPORTED BACK TO US

7 AND THEN TO THE FULL BOARD. AND I KNOW WE WILL BE IN

8 COMPLIANCE WITH THE PROPOSITION'S LANGUAGE, AND WE HAVE

9 A BENCHMARK TO WORK FROM, WHICH I THINK IS GREAT.

10 ALSO, WALTER, AGAIN, I KNOW THAT THIS IS JUST

11 AN UPDATE, BUT I'D LOVE TO HAVE YOU GIVE US AN UPDATE

12 ON OUR BUDGETING PROCESS AND THE FINANCIAL STATEMENTS

13 TO DATE. AND I KNOW THAT THIS IS JUST FOR OUR

14 INFORMATION, AND WE'RE GOING TO REVIEW IT AT OUR

15 FULL -- OUR NEXT SUBCOMMITTEE MEETING.

16 MR. BARNES: THAT'S CORRECT. AND THIS IS

17 AGENDA ITEM NO. 7. WHAT I'VE GIVEN YOU UNDER THE TITLE

18 "INFORMATION" IS A BRIEF OVERVIEW OF THE FINANCIAL

19 PROCESSES, BOTH BUDGETING AND ACCOUNTING, THAT A STATE

20 AGENCY OPERATES UNDER. WE'RE ON A FISCAL YEAR BASIS,

21 WHICH IS FROM JULY 1ST TO JUNE 30TH. THE FINANCIAL

22 OPERATIONS ARE MAINTAINED ON AN ACCRUAL METHOD OF

23 ACCOUNTING AND BUDGETING, WHICH MEANS THE COST FOR

24 GOODS AND SERVICES PAID OR RECEIVED -- EXCUSE ME --

25 DURING A YEAR ARE CHARGED TO THAT YEAR EVEN THOUGH THE

1 PAYMENT MAY NOT BE PAID UNTIL A SUBSEQUENT FISCAL YEAR.

2 THERE ARE THREE BASIC CATEGORIES IN EACH

3 AGENCY'S BUDGET. THE FIRST IS PERSONAL SERVICES, WHICH

4 IS THE SALARY AND WAGES AND BENEFITS FOR STATE

5 EMPLOYEES OF THE AGENCY, INCLUDING THE PER DIEM THAT'S

6 PAID TO ICOC MEMBERS. THERE ARE OFFICE EXPENSES AND

7 EQUIPMENT, AND THESE ARE THE NONPERSONNEL OPERATING

8 COSTS ASSOCIATED WITH CONDUCTING A STATE AGENCY'S

9 BUSINESS. THIS IS WHERE CONTRACTS, TELEPHONES,

10 EQUIPMENT, SUPPLIES, TRAINING, ALL OF THOSE THINGS ARE

11 INCLUDED.

12 AND THEN THERE'S A CATEGORY CALLED LOCAL

13 ASSISTANCE. THIS IS FOR FUNDING THAT IS PAID OUT TO

14 LOCAL PUBLIC AND PRIVATE AGENCIES. IN THE CASE OF

15 CIRM, THIS WILL BE WHERE THE RESEARCH GRANT FUNDING

16 PROGRAMS WILL BE BUDGETED.

17 WE HAVE THE RESULTS OF FISCAL YEAR 2004-05,

18 AND THAT'S GIVEN IN A SIDE-BY-SIDE ATTACHMENT WHICH

19 SHOWS THE YEAR-END STATEMENTS FOR 2004-05. AND I'VE

20 DONE A COMPARISON BETWEEN THOSE STATEMENTS AND THE

21 EXPENDITURE REPORT THAT I GAVE TO THE ICOC IN MAY 6TH.

22 AND YOU CAN SEE THAT THERE ARE SOME DIFFERENCES. THE

23 FINAL COSTS ASSOCIATED FOR PERSONAL SERVICES IS ONLY

24 ACTUALLY 19,000 LESS THAN ESTIMATED IN THE MAY 6TH

25 DOCUMENT. THAT'S BECAUSE MOST OF OUR HIRING HAS NOT

1 CHANGED AND ANY NEW HIRING IS TAKING PLACE DURING THE
2 CURRENT FISCAL YEAR.

3 THE FINAL COSTS FOR CONTRACTS AND INTERAGENCY
4 AGREEMENTS IS GREATER, 642,000 GREATER THAN THAT
5 ESTIMATED IN THE MAY 6TH DOCUMENT; BUT IF YOU RECALL,
6 THAT DOCUMENT ASSUMED THAT EXPENDITURES FOR CONTRACTS
7 AND INTERAGENCY AGREEMENTS, SPECIFICALLY REMCHO
8 CONTRACT, THE ATTORNEY GENERAL, AND THE STATE
9 CONTROLLER'S OFFICE, WOULD BE DEFERRED IN THE INTEREST
10 OF TRYING TO HELP US GET AS FAR UNDER OUR \$3 MILLION
11 LOAN AS POSSIBLE.

12 AFTER THE RECEIPT OF THE DOLBY FUNDING, WE
13 MADE A DECISION TO PAY THE DEFERRED AMOUNTS. ALSO,
14 THINKING A HAPPY THOUGHT, WE'VE ASSUMED THAT THE
15 EDELMAN CONTRACT WILL BE APPROVED AND THE COST FOR THE
16 THREE MONTHS OF 2004-05 WILL BE PAID IN HERE AS WELL.

17 FINAL COST FOR ALL THE OTHER EXPENDITURE
18 CATEGORIES ARE 84,000 GREATER THAN ESTIMATED. MOST OF
19 THIS IS DUE TO SOME INCREASES IN GENERAL EXPENSE FOR
20 SUPPLIES, TEMPORARY HELP, TRANSCRIPTIONS. ALSO, THE
21 DOCUMENT I GAVE YOU IN MAY WAS A CASH STATEMENT. THIS
22 DOES INCLUDE ALL THE ACCRUAL AMOUNTS FOR THE CURRENT
23 YEAR. SO THE EXPENDITURES THAT ARE LISTED IN 2004-05
24 ARE THE ACTUAL PAYMENTS MADE AS OF JUNE 30TH, WHICH IS
25 ABOUT 1.5 MILLION, AND ACCRUED EXPENSES OF CLOSE TO A

1 MILLION DOLLARS. MOST OF THESE ACCRUALS ARE FOR THE
2 CONTRACTS AND THE INTERAGENCY AGREEMENTS.

3 NOW, THESE FINANCIAL STATEMENTS WILL BE
4 SUBJECT TO AN AUDIT BY AN INDEPENDENT CPA FIRM AS
5 REQUIRED BY PROPOSITION 71. AND IN THE CONTRACTS
6 REPORT I GAVE YOU, I DID MENTION THAT WE ARE GETTING
7 READY TO START SELECTING SUCH A FIRM TO COME IN AND DO
8 THAT AUDIT FOR US.

9 JUST A KIND OF A PERSONAL COMMENT. EVEN
10 THOUGH WE ONLY HAD 12 STAFF DURING LAST YEAR, AND WE
11 ONLY INVESTED 737,000 IN THOSE 12 STAFF, THE RESULT
12 THAT WAS THAT WE ESTABLISHED -- CIRM WAS ESTABLISHED
13 AND IN OPERATION BY MID-JANUARY 2005. THE FIRST GRANT
14 APPLICATION REQUEST WAS POSTED IN MID-MAY, AND 23
15 MILLION IN FINANCIAL BENEFITS FROM THE HEADQUARTERS
16 SELECTION AND DOLBY GRANT WERE ACHIEVED AS WELL. AND I
17 KNOW THERE'S ALWAYS A LOT OF QUESTIONS ABOUT WHAT WE
18 DIDN'T DO OR SHOULD HAVE DONE OR WHATEVER, BUT I TEND
19 TO LIKE TO AT LEAST LET YOU KNOW WHAT I THINK WE HAVE
20 DONE THAT'S VERY GOOD.

21 WITH REGARD TO FISCAL YEAR 2005-06, AS SHERRY
22 MENTIONED, WE ARE IN THE PROCESS OF TRYING TO PUT
23 TOGETHER A PROPOSED BUDGET. WE'RE ACTUALLY GOING TO BE
24 PUTTING TOGETHER TWO BUDGET PROPOSALS. RIGHT NOW THE
25 FINANCIAL STATEMENTS FOR THE LAST YEAR SHOW THAT ABOUT

1 \$430,000 IS LEFT FROM THE \$3 MILLION LOAN ONCE ALL
2 ACCRUED BILLS ARE PAID. TOGETHER WITH THE FIVE MILLION
3 DOLBY GRANT, THE AVAILABLE FUNDING FOR OPERATIONS FOR
4 THE CURRENT FISCAL WOULD THEN BE ABOUT 5.4 MILLION.

5 NOW, \$200 MILLION OF PROCEEDS FROM BONDS OR
6 BOND ANTICIPATION NOTES WERE RECEIVED DURING THE YEAR.
7 UP TO 11.6 MILLION WOULD BE AVAILABLE TO COVER THE
8 ADMINISTRATIVE COST TO OPERATE THE INSTITUTE AND
9 OVERSEE NEARLY 188.4 MILLION IN GRANTS THAT COULD BE
10 ISSUED.

11 SO WE'RE CURRENTLY DEVELOPING AN OPERATIONS
12 BUDGET FOR BOTH OF THESE FUNDING ALTERNATIVES, AND WE
13 WILL BE READY TO PRESENT THAT FOR REVIEW BY THE
14 GOVERNANCE COMMITTEE AT THE NEXT MEETING.

15 JUST TO GIVE YOU A KIND OF A SNEAK PEAK OR
16 COMING ATTRACTIONS, AS THEY SAY, IT'S IMPORTANT TO
17 REMEMBER THAT SOME COSTS ARE JUST GOING TO INCREASE
18 THIS YEAR NO MATTER WHICH FUNDING LEVEL IS AVAILABLE.
19 FOR INSTANCE, DURING THE PREVIOUS YEAR, WE HIRED 13
20 PERSONS AND WE INCURRED PERSONAL SERVICES COSTS OF
21 737,000. COMMITMENTS HAVE BEEN MADE TO HIRE FOUR
22 ADDITIONAL POSITIONS IN THE CURRENT YEAR. IF WE DIDN'T
23 HIRE ANYBODY ELSE AT ALL, PERSONAL SERVICES COSTS IN
24 THE CURRENT YEAR WILL BE MORE THAN DOUBLE.

25 FIRST, MOST OF THE 13 POSITIONS WERE HIRED IN

1 JANUARY, SO THEIR COSTS WERE ONLY FOR A HALF YEAR.
2 THOSE WILL BE DOUBLED IN THE CURRENT YEAR, AND THE
3 ADDITIONAL HIRES WILL BASICALLY INCUR COST FOR A FULL
4 YEAR.

5 UNDER NONPERSONAL SERVICES, THERE ARE A
6 NUMBER OF INCREASES THAT WILL OCCUR AS WELL. FOR
7 EXAMPLE, WE'RE GOING TO BE DOING A SCIENTIFIC
8 CONFERENCE, AND WE'RE STARTING OUR WORKING GROUPS. AND
9 ACTUALLY WE'VE ESTIMATED THAT THE FIRST GRANTS MEETING
10 GROUP IS GOING TO COST US ABOUT \$55,000. TRAVEL
11 EXPENSES, OTHER THINGS SHOULD INCREASE BECAUSE OF FULL
12 YEAR OF OPERATIONS. PER DIEM FOR THE ICOC MEMBERS WILL
13 BE PAID FOR A FULL YEAR. SMALL ITEM, BUT IT JUST SORT
14 OF ADDS UP.

15 NOW, THERE WILL BE COMPENSATIONS BECAUSE AS
16 WE HIRE STAFF, WE MENTIONED THAT SOME OF OUR NEED ON
17 CONTRACTS SHOULD BEGIN TO GO DOWN AS WELL. SO WE MAY
18 SEE SOME BALANCING OF THAT.

19 ALSO, MOST STATE AGENCIES DEVELOP A BUDGET
20 THAT SHOWS NOT ONLY THE CURRENT YEAR, BUT THE UPCOMING
21 YEAR. SO WE ARE GOING TO DO THAT IN CONCERT WITH THE
22 DEVELOPMENT OF THE CURRENT YEAR BUDGET. SO THERE WILL
23 BE ONE FOR 2006-07. AND I DID MENTION IN PREVIOUS
24 MEETINGS THAT YOU CAN EXPECT MAJOR INCREASES IN THAT
25 YEAR, PARTICULARLY IN PERSONAL SERVICES BECAUSE A FULL

1 YEAR OF SALARIES BY ALL THE STAFF HIRED THIS YEAR.
2 AND, AS I MENTIONED, WE'RE GOING TO HAVE TO START
3 PAYING CONTRIBUTIONS, RETIREMENT CONTRIBUTIONS, TO CAL
4 PERS FOR STAFF WHO HAVE BEEN EMPLOYED FOR TWO YEARS.
5 SO THAT'S GOING TO BE AN INCREASE.

6 WE'RE ALSO WORKING ON TWO OTHER RELATED
7 PROJECTS. ONE HAS TO DO WITH THE DOLBY FUNDING BECAUSE
8 WE HAVE TO PROVIDE AN ANNUAL REPORT OF ALL EXPENDITURES
9 FROM THIS FUNDING TO SHOW THAT WE'VE COMPLIED WITH
10 LIMITATIONS TIED TO THE FUNDING. OUR ACCOUNTING SYSTEM
11 IS BEING REVISED TO ALLOW US TO TRACK ALLOWABLE
12 EXPENDITURES CHARGED TO THE DOLBY GRANT. AND WE'LL BE
13 GOING AND DOING THAT RETROACTIVE FOR ALL THE COSTS THAT
14 WE'VE INCURRED SINCE STARTING OPERATION.

15 IN ADDITION, PROPOSITION 71 ALLOWS UP TO 3
16 PERCENT OF ALL BONDS PROCEEDS TO BE USED FOR COST FOR
17 GENERAL ADMINISTRATION AND UP TO 3 PERCENT OF THE
18 REMAINDER OF BOND PROCEEDS USED FOR GRANTS MANAGEMENT
19 ADMINISTRATION. SO IN TOTAL THIS IS ABOUT 6.8 PERCENT
20 OF THE PROCEEDS.

21 MR. KLEIN: 5.8 PERCENT.

22 MR. BARNES: 5.8 PERCENT. THE ACCOUNTING
23 SYSTEM IS ALSO BEING REVISED TO ALLOW US TO TRACK
24 EXPENDITURES IN THESE TWO CATEGORIES AS WELL. AGAIN,
25 WE WILL DO THIS RETROACTIVE. WE PROBABLY WON'T HAVE

1 THAT READY BY THE TIME WE GET READY FOR THE BUDGET, BUT
2 AT LEAST YOU WILL KNOW WHAT THE TOTAL COST IS. THIS IS
3 AN INFORMATION ITEM. NO ACTION NEEDED. BUT IF YOU
4 HAVE ANY QUESTIONS, I'LL BE HAPPY TO ANSWER.

5 CHAIRPERSON LANSING: I'D LIKE TO OPEN IT TO
6 THE COMMITTEE IN LOS ANGELES. TO THE COMMITTEE IN
7 IRVINE.

8 DR. STEWARD: NO QUESTIONS.

9 CHAIRPERSON LANSING: SAN DIEGO?

10 DR. MURPHY: JUST A COMMENT. WHEN YOU THINK
11 OF WHAT HAS BEEN ACCOMPLISHED IN THE LAST YEAR WITH
12 THAT SMALL GROUP OF STAFF, I THINK IT'S REMARKABLE.
13 AND I'D JUST LIKE TO PUT ON THE RECORD THAT I, FOR ONE,
14 AM JUST DELIGHTED WITH THE PROGRESS THAT'S BEEN MADE.

15 CHAIRPERSON LANSING: I SECOND THAT. TO THE
16 PUBLIC IN L.A.

17 MS. FOGEL: I HAVE TWO QUESTIONS. MINE IS
18 JUST A TECHNICAL QUESTION. IF THE ACTUAL BONDS ARE NOT
19 SOLD, BUT THE BOND ANTICIPATION NOTES ARE SOLD, DO THE
20 CAPS STILL APPLY?

21 MR. KLEIN: YES.

22 MS. FOGEL: AND MY OTHER QUESTION HAS TO
23 DO --

24 MR. BARNES: THE ANSWER WAS YES.

25 MS. FOGEL: MY OTHER QUESTION WAS ABOUT THE

1 DOLBY GRANT AND WHETHER YOU WILL MAKE THE WHATEVER YOU
2 HAVE, THE APPROVAL LETTER THAT TALKS ABOUT WHAT THE
3 LIMITATIONS THAT ARE TIED TO FUNDING. I DON'T KNOW
4 WHAT YOU HAVE.

5 MR. KLEIN: IT'S ALL OPEN TO THE PUBLIC.

6 CHAIRPERSON LANSING: THERE'S NO ACTION
7 NEEDED FOR THIS. AGAIN, I JUST WANT TO SAY -- I WANT
8 TO THANK WALTER AND, AGAIN, BOB AND ZACH FOR THE
9 EXTRAORDINARY LEADERSHIP IN ALL AREAS, AND IN THIS AREA
10 IN PARTICULAR. THIS BUDGETING PROCESS IS NOT SOMETHING
11 THAT ONE DOES QUICKLY. ONE DOES IT WITH A GREAT DEAL
12 OF THOUGHTFULNESS, AND IT'S SOMETHING THAT IS EXTREMELY
13 IMPORTANT. AND I'M PLEASED WITH THE BENCHMARKS THAT WE
14 HAVE AND PLEASED WITH THE FULL DISCLOSURE THAT YOU'VE
15 GIVEN US. AND WE'LL WAIT TO HEAR MORE IN OUR NEXT
16 GOVERNANCE COMMITTEE. BOB.

17 MR. KLEIN: AND JUST TO RE-EMPHASIZE HERE, I
18 THINK PARTICULARLY WITH SUSAN FOGEL'S QUESTION, THERE
19 IS A COMPLICATED DUAL BUDGETING HERE AGAIN FOR THE NEXT
20 YEAR IN THAT THEY ARE DOING THE BUDGET BASED UPON KNOWN
21 FUNDS IN THE BANK AS A CONSERVATIVE APPROACH, BUT THEY
22 WILL DO ANOTHER BUDGET THAT PROJECTS WHEN THE FUNDS ARE
23 AVAILABLE FROM THOSE BOND ANTICIPATION NOTES SO THAT
24 THAT BUDGET WON'T GO INTO EFFECT UNTIL THOSE FUNDS ARE
25 IN THE BANK.

1 CHAIRPERSON LANSING: WE'RE GOING TO NOW MOVE
2 INTO A CLOSED SESSION, WHICH I DON'T ANTICIPATE WILL BE
3 VERY LONG. SO IF YOU CAN GIVE US ABOUT FIVE MINUTES,
4 AND THEN WE'LL REPORT BACK ON THE CLOSED SESSION.
5 THERE'S NO PUBLIC IN IRVINE OR SAN DIEGO, SO IF I COULD
6 JUST ASK MEMBERS OF THE PUBLIC FROM L.A. TO STEP OUT
7 AND THEN PLEASE COME BACK.

8 (THE COMMITTEE THEN WENT INTO CLOSED
9 SESSION, WHICH WAS NOT REPORTED, NOR HEREIN
10 TRANSCRIBED. THE MEETING WAS THEN RECONVENED IN PUBIC
11 SESSION AND HEARD AS FOLLOWS:)

12 CHAIRPERSON LANSING: WELCOME BACK TO THE
13 PUBLIC AND L.A., AND I DON'T THINK THERE WAS ANY PUBLIC
14 IN IRVINE. BUT AT ANY RATE, I WANT TO REPORT -- HAVE
15 ZACH REPORT BACK WHAT WE DID IN CLOSED SESSION, WHICH,
16 ZACH, I'LL TURN IT OVER TO YOU.

17 DR. HALL: WE'RE NOT REQUIRED FOR FORMAL
18 APPROVAL, NOR WAS THERE A FORMAL MOTION. AS A POINT OF
19 INFORMATION, WE WANTED TO BRING TO THIS GOVERNANCE
20 COMMITTEE A RECOMMENDATION FOR CHANGE IN TWO SALARIES
21 BASED ON CHANGE IN DUTIES FROM THE ORIGINAL
22 DESCRIPTION. ONE WAS JENNIFER ROSAIA, WHO IS THE
23 EVENTS COORDINATOR, AND WHO WAS ORIGINALLY HIRED TO BE
24 ACTUALLY A RECEPTIONIST SORT OF PLUS, BUT WHO HAS BEEN
25 THE PERSON WHO COORDINATES THE LOGISTICS FOR ALL OF OUR

1 ICOC MEETINGS AND SUBCOMMITTEE MEETINGS AND HAS DONE SO
2 SINCE JANUARY AND WELL IN THAT. SO THIS IS A CHANGE
3 FOR HER, AND WE'RE RECOMMENDING A CHANGE IN HER SALARY
4 FROM 42,000 TO 47,500.

5 THE SECOND IS DR. ARLENE CHIU. AND AT THE
6 TIME SHE WAS HIRED, WE WERE UNSURE AT THAT TIME, AND TO
7 HAVE A CHIEF SCIENTIFIC OFFICER, WHO WOULD ESSENTIALLY
8 BE BETWEEN THE PRESIDENT AND HER POSITION, WHICH WAS
9 DIRECTOR OF SCIENTIFIC REVIEW AND PROGRAMS. AND
10 ALTHOUGH WE'RE NOT CHANGING HER TITLE; IN FACT, SHE HAS
11 TAKEN ON ADDITIONAL RESPONSIBILITY THAT WAS PLANNED TO
12 REPORT TO THAT INTERMEDIATE PERSON. AND THAT IS
13 RESPONSIBILITY FOR GRANTS MANAGEMENT, WHICH IS TO SAY
14 ALL OF THE ACCOUNTING AND FINANCIAL MATTERS AND
15 ADMINISTRATIVE MATTERS THAT ARE ASSOCIATED WITH GRANTS
16 WILL BE DONE OUT OF A GRANTS MANAGEMENT OFFICE, WHICH
17 WILL NOW REPORT TO HER. AND AT THE MOMENT, WE HAVE NO
18 PLANS TO HIRE A CHIEF SCIENTIFIC OFFICER.

19 SO WE ARE PROPOSING A 10-PERCENT INCREASE IN
20 HER SALARY FROM 165 TO 181,500.

21 CHAIRPERSON LANSING: AGAIN, THERE WAS NO
22 VOTE TAKEN ON THIS. THIS IS JUST GETTING A SENSE OF
23 WHAT THE GOVERNANCE COMMITTEE FELT, AND THE SENSE WAS
24 THAT THIS IS SOMETHING THAT WE WANTED TO RECOMMEND BACK
25 TO THE FULL ICOC BOARD. ALSO, WHEN WE HAVE A BUDGET,

1 THESE JOBS WILL BE DELINEATED, SO WE WON'T -- THIS IS
2 SOMETHING THAT WE'RE DOING IN AN INTERIM SESSION, AND
3 EVENTUALLY THESE JOBS WILL BE PART OF A BUDGETING
4 PROCESS.

5 DR. HALL: RIGHT. LET ME JUST SAY THAT BOTH
6 OF THESE ARE -- AS YOU'VE SEEN, WE'RE IN THE COURSE OF
7 PUTTING TOGETHER A FORMAL COMPENSATION STRUCTURE AT
8 CIRM. BOTH OF THESE, WE FEEL, ARE IMPORTANT FOR THAT
9 STRUCTURE.

10 CHAIRPERSON LANSING: I'M READY TO ADJOURN
11 THE MEETING WITH ONE THING THAT I WANT TO PERSONALLY
12 ADD, BUT I JUST WANT TO SEE IF THERE'S ANY COMMENTS ON
13 THE SUBCOMMITTEE IN L.A. IRVINE.

14 DR. STEWARD: NO COMMENTS.

15 CHAIRPERSON LANSING: SAN DIEGO.

16 DR. MURPHY: NO COMMENTS.

17 CHAIRPERSON LANSING: THE PUBLIC IN L.A.
18 THANK YOU FOR YOUR ATTENDANCE.

19 I JUST WANT TO SAY THAT AS -- I JUST WANT TO
20 PUT THIS OUT BEFORE I ADJOURN THE MEETING FOR THE
21 SUBCOMMITTEE MEMBERS, THAT THOUGH I'M DELIGHTED TO BE
22 THE CHAIR, I FEEL THAT THERE SHOULD ALSO BE A VICE
23 CHAIR BECAUSE I THINK THAT'S VERY NECESSARY TO HAVE
24 THIS RUN AS EFFICIENTLY AS POSSIBLE. SO I WOULD LIKE
25 TO OPEN TO MY COLLEAGUES WHO ARE IN ATTENDANCE TODAY,

1 AND THOSE OF YOU WHO DIDN'T COME, I'D LIKE TO BE SURE
2 THAT THEY KNOW THAT I'M GOING TO BE CALLING AND HOPE
3 THAT SOME OF YOU WILL VOLUNTEER TO BE A VICE CHAIR.
4 AND WE'LL AGENDIZE THIS AT OUR NEXT MEETING, BUT I
5 REALLY DO FEEL IT'S IMPORTANT TO HAVE A VICE CHAIR.
6 SO THANK YOU ALL FOR ATTENDING. THANK YOU IN
7 THE PUBLIC FOR ATTENDING. AND THIS MEETING IS
8 OFFICIALLY ADJOURNED.
9 (THE MEETING WAS THEN ADJOURNED AT 12:53
10 P.M.)
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25